

#### No.30,999

Wednesday November 15 1989

#### World News **Fighting in El Salvador** leaves 400 people dead

El Salvador said 400 people had been killed in two days of heavy fighting between troops and left wing guerrillas, who declared 14 provinces "liberated territory". Page 20, Analysis, Page 4

#### Swapo wins election

The nationalist party Swapo won the Namibian indepen-dence elections, but failed to win two-thirds majority needed to introduce its own constitution. Page 20

#### Walesa union call

Lecb Walesa called upon his fellow trade unionists in the US to mount an immediate campaign for a multi-billion dollar foreign investment programme to ensure the survival of Poland's fledgling democracy. Page 4

#### **Immigration treaty**

West Germany, France and the Benelux countries will sign a treaty next month on immigration and police co-operation allowing them to abolisb controls on people crossing com-mon frontiers. Page 20

#### **US** abortion stand

Leading US Republicans are urging the party to soften its strong anti-abortion position or face significant defeats in next year's US mid-term elections. Page 4

#### London car bomb

Prominent figures who might be chosen as IRA targets have been warned to exercise extreme caution following the discovery in London of a bomb which police said was aimed at a top Army officer. Page 11

#### Labour victory

Israel's Labour Party scored a comfortable election victory over its aggressive senior Gov-ernment partner, Likud, in its trade union beartland.

**UBS** Phillips & Drew told to change by regulators The London Securities

The London Securities Association, market regulator, demanded changes to the way UBS Phillips & Drew, London securities house, runs its com-pliance department following Blue Arrow affair. Page 20 DENMARK'S two largest com mercial banks, Danske Bank

and Copenhagen Handelsbank, are to merge to form second largest Nordic bank. Page 21 ADELAIDE Steamship, Australian conglomerate controlled hy John Spalvins, Isunched \$1.3bn cash bid for Industrial

Equity Ltd (IEL). Page 22 EUROPEAN Commissioner Leon Brittan faces test as he tries to get Commission backing for a plan forcing Renault, French state-owned car com-pany, to repay \$1.9bn in state aid. Page 3

COCOA prices hit fresb 14-year lows. Marcb cocoa touched \$1,071 a tonne following aggressive trade selling. Page 32

#### Cocoa 2nd position futures (£ per tonne) 950 900 850 800 750

700 650 1989 Nov Jan AMERSHAM International.

privatised by UK Government in 1982, announced a 43 per cent fall in pre-tax profits. Page 21

**AUSTRALIAN** Government announced a \$23m rescue package to help the country's crippled tourism industry recover from the domestic pilots' dispute, Page 7

DAF, Dutch commercial

Spanish state-owned truck

iska Enskilda Banken, Swe-

den's largest commercial bank, Jacob Palmstierna, resigned

following a tax investigation.

US securities house, plans

shake-up of its management which will affect senior people

and cut through several layers

of the organisation. Page 24

HONG Kong Government reported that a third of over-

events in China. Page 7

SINGAPORE will establish

an over-the-counter market

Exchange of Singapore closer

to becoming a centre for off-

as manufacturing companies

find the colony's overall investment environment is not favourable following the recent

maker. Page 22

units. Page 22

Page 3

CONTINENTAL, West German

### Business Summary | E GERMAN BALLOT BEGINS KOHL IN POLISH ACCORD US HAILS CZECHS **Czechs ease travel curbs** on citizens visiting West

By Leslie Colitt in Berlin and Christopher Bobinski in Warsaw

CZECHOSLOVAKIA'S conservative leadership, unnerved by growing unrest in neighbouring East Germany, announced a relaxation of travel restrictions for cltizens seeking to visit the West. Mr Ladislav Adamec, the Prime Minister, said Czechoslo-vakia would abolish exit visas for travel to Western countries and Yugoslavia. This eppeared to be an attempt to prevent the

bnild-up of dissatisfaction which has triggered demands for political reforms in East Germany. The wind of change hlowing through East Germany, where some two million Communist

Party members began preparing yesterday for an emer-gency congress and the possi-bility of a fresb purge of the leadership, has left Prague iso-lated in its adherence to orthodox policies. The Czecboslovakian Gov-

ernment has been issuing exit permits fairly quickly since the spring but only to citizens who can get hold of the necessary \$10 in hard currency for each day of their stay abroad. Prominent dissidents were not granted visas, and it remains to be seen whether they will benefit from the new relexa-

tion. President George Basb warmly welcomed the decision as "a very good and encourag-ing step" towards the US goal of a Europe "whole and free." His remarks were notably more enthusiastic than his ini-

tial reaction to last Thursday's similar decision by the East German Government. The president has been criticised in

the US for his low key approach last week.

> By Philip Stephens, Political Editor, in London MRS Margaret Thatcher, singled ont the association rights in Community states for in Eastern Europe might move Britain'e Prime Minister, yesagreement between Turkey

community to consider upgrading its links with the emerging democracies of East-ging to achieve democracy.

also simplified, he added. In East Germany, secret bal-loting to choose more than 3,600 delegates to next month's Party Congress began in all grass-roots organisations. An East German official said Mr Egon Krenz, the new party chief, could well be toppled. "He bas less than a 50 per cent chance of surging the coming

chance of surviving the coming month," he said. He said ordinary party members, who for the first time will be electing and not merely con-firming delegates to a Congress, are in a mood to oust all hardliners from the Central

#### **Bush may** hold Nato talks after summit By Peter Riddell, US Editor, in Washington .

MUCH taugher environmental policies for the European Com-munity are needed to counter-act the extra pollution which will be generated in a barrier-free Europe, according to a controversial report due to be discussed in Brussels today. US. PRESIDENT George Bush is likely to hold talks with other Nato leaders in Brussels after his meeting in early December with Soviet Presi-dent Mikkail. Gorbachev off the coast of Malts. The prospect of a meeting with the allies follows increas-ing criticism of Mr Bush in the

with the allies follows increas-ing criticism of Mr Bush in the US for failing to respond more vigorously to changes in East-ern Europe. The aim of the Brussels talks would be to emphasize Western unity over the future of Germany and to discuss Nato political and military strategy in the light forurant strategy in the light of current events in Eastern Europe and any new proposals from Mr

any new proposals from Mr Gorbachev. Mr. Bush said yesterday: "We're thinking right now how we might stay in touch with our allies. That is very, very important and not only will we be doing this after the summit, bat Two 'already talked to some and will be talking to more before the talking to more before the

summit." The US President has already talked with Chancellor Helmut Kohl of West Ger-many, while Mrs Margarei Thatcher, Britah's Prime Min-ister, will make a long-ar-ranged visit to the US at the end of next week. Discussions are also expected with Presi-dent Francois Mitterrand of dent François Mitterrand of France who has arranged a meeting of European Commu-nity leaders this weekend for talks on the changes in East-

has taken a low-key approach to the changes in Eastern Europe. Senior officials argue that now is the time for stocktaking and analysis, while stressing that the US does not want to take unilateral advantage of the situation or to

Age of the similation of to destabilize Europe. The White House has rejected suggestions by, among others, Senaias George, Mitchell, the Democratic Majority leader, that Mr Bash should visit Berlin. Mr Mitch-

the year 2010. It, adds that existing policy measures designed to curb emissions will be overtaken by increases in the use of electricity and of vehicles Designed to help Brussels formulate its response to a request for information from request for information from member states last year, the stark conclusions of the task force report have caused a stir among Community officials, particularly those responsible for developing other EC poliern Europe. The Bush Administration

cles. It was being emphasised yes-terday that the report is not official Commission poll-cy - even though some pas-

EC urged

to toughen

pollution

codes for

By Tim Dickson

in Brussels

1992 market

discussed in Brussels today. The independent study written by a task force of mainly national experts con-yened and chained by the Euro-pean Commission - highlights some of the contradictions between the EC's environmen-tal and economic objectives, modally adverse environmental

notably adverse environmental consequences of stronger eco-nomic growth after completion

of the single market in 1992. One of its conclusions, based

One of its conclusions, based on a detailed econometric model, suggests that notwith standing the "favourabla impact" of existing environ-mental policies, the stimulits to activity arising from the inter-nal market is likely to cause an increase in atmospheric, emis-sions of sulphur dioxide of between 8 and 9 per cent and

between 8 and 9 per cent and those of nitrogen oxide of between 12 and 14 per cent by

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cy - even though seme pas-sages in earlier drafts were modified in the light of com-ments from officials. Its findings are nevertheless likely to be useful to Mr. Carlo Bipa di Mesna, EC. Environ-ment Commissioner, in his struggle is fueld a more coher-ent and dynamic BC environ-mental policy. He will present the report to his colleagues at a meeting in Brussals today



have, and I would expect we'd see further changes there, just as we have seen in Poland, Rungary and East Germany." Thousands of Czechoslovaks demonstrated against the leadership in Prague last October but, unlike recent demonstra-

tions in East Germany, the pro-tests were crushed by riot police "We have abolished useless

bureaucratic regulations and have made travel essentially easier," Mr Adamec told the Federal Assembly. He said the limitation on the number of visits to relatives in the West had also been abolished. Travel for extended stays abroad was

ship, but the KC also has a range of other association

Turkish workers. It was conceived as a prelude to eventual Turkish member Facing calls from Mr Nell

wall in front of the Brandenburg Gate would soon be demolished, which would bring Continued on Page 20 Forther reports, Page 2; Edito-rial Comment, Page 18 **UK urges EC deal for Eastern bloc** 

Committee and replace them That would strongly influ-ence the choice of members for the ruling Polithuro headed by

ing candidate of rank and file members to become the new Party leader.

There were persistent rumours in West Berlin that the Communist anthorities were preparing to reopen the Brandenburg gate in the heart of the city. The official East German news agency ADN denied the plan but West Ber-lin officials were convinced the

Page 8

#### Sri Lankan killing

Sri Lankan government said troops captured and killed Upatissa Gamanayake, the second in-command of the People's Liberation Front (JVP), on Monday when be tried to escape from custody. Page 4

#### Shuttle delayed

Possible faulty wiring in the US space shuttle's two booster rockets caused Nasa to order a two-day delay in the next shuttle launch due to blast off on November 20.

#### **Italian party change**

The leader of Italy's Commnnist Party said it chould change its name and nature to keep up with radical changes in the Eastern Bloc. Page 3

#### **US Navy stood down**

Navy officers ordered that all operations cease for 48 bours after the latest in a series of acridents. At least 13 sailors and dock workers were injured in a hlaze aboard the amphibious assault ship USS Inchon.

#### **Franz Josef dies**

Europe's longest-reigning mon-arch, Prince Franz Josef of Liechtenstein, has died at the age of 83, in a Swiss hospital.

#### Fog disrupts flights

The second successive day of fog blanketing the UK and northern Europe forced airtines to cancel and divert flights to London, with more disruption predicted.

#### MARKETS

STERLING New York close \$1.5935 (1.5820)	<b>DOLLAR</b> New York close DM1.8355 (1.86095)	STOCK INDICES
London:	FFr6.2315 (0.3130)	2,214.7 (+ 1.5) FT Ordinary:
\$1.5815 (1.5805) DM2.9225 (2.9425)	SFr1.8180 (1.6415) Y143.5 (143.875)	1,770.8 (- 0.5)
FFr9.925 (9.98)	London:	FT-A All-Share: 1,112.56 (same)
SFr2.58 (2.595) Y227.25 (same)	DM1.8485 (1.861) FFr6.275 (6.915)	New York close
£ Index 89.1 (89.3)	SFr1.632 (1.641) Y143.65 (143.85)	DJ Ind. Av. 2,510.25 (- 16,18)
QOLD New York: Comex Dec	\$ index 70 (70.1)	S&P Comp
\$394.9 (392.7)	Tokyo close: Y143.6 US LUNCHTIME	339.83 (+0.28)
Londen: \$389.25 (391)	HATES	<b>Tokyo:</b> Nikkei 35,768.64 (+ 16.52)
N SEA OIL (Argus)	Fed Funds 03, % 3-mo Treasury Billo:	LONDON MONEY
Brent 15-day Jan \$18.45 (-0.375)	yield: 7.8%	3-month Interbank:
	Long Bond: 10233	closing 1431% (14)2 Lifte long gift future:
Chief price changes yesterday: Page 21	yield: 7.68%	Dec 92 12 (91 12)

MARKET REPORTS: CURRENCIES, Page 40; BONDS, Pages 26, 27; COMMODITIES, Page 32; EQUITIES, Pages 33 (London), 41 (World)

tyre company, withdrew forecasts of higher profits blaming the prolonged strike at one ern Europe by giving them the association status currently of its US plants for keep earnenjoyed by Turkey. Mrs Thatcher, who is expec-ted to raise the issue during a ings roughly level. Page 21 EUROPEAN Community-wide

summit meeting of the 12 in Paris on Saturday, indicated insider trading rules, making it illegal for both "primary" and "secondary" insiders to trade on basis of confidential that Hungary and Poland should both be considered for information, have been agreed Community. by member states. Page 3

in the House of Commons, she

favourable treatment by the Speaking during exchanges

union between Turkey and the Community. It provides for privileged

That accord, first negotiated in 1963 but suspended for a egreements with Yugoslavia, time during the 1980s because of Turkey's record on human rights, envisages the eventual establishment of a full customs

access to the EC for Turkish industrial and agricultural products, for subsidised loans and grants and for special warned of the risk that events

Israel and Malta. East Germany already has its special status enshrined in the Community's founding treaties. Adopting the cantlous approach to recent events - particularly in East Ger-many - which characterised ber speech to the Lord Mayor's Banquet in the City of London on Monday, Mrs Thatcher

Kinnock, leader of the opposi-tion Labour Party, to drop hersupport for the deployment of a new generation of short-range nuclear weapons in West Germany, she insisted that Britain wanted to stick by

existing Nato agreements. Senior Whitehall officials. however, acknowledged last night that the demolition of the Berlin Wall made it unlikely that the existing Lance missiles would ever be replaced.

ell yesterday noged the Presi-dent to reconsider his decision nent to reconsider any decision because , a visit would "acknowledge the temendous significance of the symbolic destruction of the Berlin Wall and give voice to the exhibitra-tion felt by all Americans." Members of the Administration have acknowledged that Continued on Page 20 The Arms Bace, Page 10. Nato's aims, Page 2 -

ESPREE WILL BE

a meeting in Brussels today and to EC Environment Minis-ters later this month.

The study calls for the "active encouragement ... of market mechanisms" such as environmental charges and taxes, strict allocation of Continued on Page 20.

France, Germany and Benefux countries, to abolish border controls; Page 20

#### vehicle group, has offered a far-reaching industrial package to the Spanisb Government in its bid to take over Enasa, **Bond Corporation's accounts** reveal June debt of A\$8.2bn CHIEF executive of Skandinav-

about the "timing and com-plexion" of the reconstruction

programme and the values of

significant assets means there is "some doubt" that Bond Cor-

poration will be able to con-

tinue as a going concern. The number and content of

the qualifications are one of the report's most significant

revelations, because they go heyond those signalled hy Bond Corporation last month.

As expected, the anditor expresses uncertainty about

the value of Bond's invest-ments and loans for a petro-

chemical plant project, and the

need for a loss provision over a disputed indemnity agreement

with the Western Australian State Government Insurance

They are also uncertain

40 Observ

Commission.

#### By Chris Sherwell in Sydney

equity. According to Arthur Ander-BOND CORPORATION, the

master company in Mr Alan Bond's besieged business NMB Postbank, newly merged Dutch bank which is in the empire, had A\$3.2bn (\$6.48bn) debts at the end of June and process of partial privatisation, said its two sections would was in breach of loan covenants, according to a beavily qualified set of accounts pubremain separate operating lished by the company yester-SHEARSON Lehman Hutton,

day. The group's 108-page annual report, lodged with the stock exchange in Perth, confirmed last month's preliminary loss of A\$960m, the worst in Australian corporate history.

According to Arthur Ander-sen, the auditor, the consoli-dated balance sheet of Bond Corporation showed it had an excess of A\$1.36bn of current liabilities over current assets in June, and a stated deficit of shareholdere' finds of

A\$115.9m. Bond Corporation is pinning its hopes for survival on the proposed sale of its Australian for foreign shares by January 1990, to bring the Stock brewing assets for A22.5bn. Set against a book value of less than A\$1bn, the deal would restore shareholder shore securities trading. Page

#### CONTENTS

World Trad Britain

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	Vietnam phobia of the West ha played into Pol Pot's hands						
		Pol Pot (left), under whose (eadership th Khmer Rouge oper- ated a genocidal pol- icy in Cambodia during the 1970s, is poieed for a military thrust that could restore him to powe The West's Vietnam phobia helps him. Page 7					
	Eutopa	and a dimension					

World Guide \_\_\_\_\_ Commercial Law Commodrises \_\_\_\_\_

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added the set of the s
West Europes Nato needs to reset its sights, say analysts2 Washington: Republicans seek to soften their stance on abortion4 Managements Komatsu - Hoping for a smooth global rida14 Editorial Comments Speaking for Europe; Goodbye to London18 ABB acquisition of Combustion: When the ketchup starts to flow18 European monetary unlois: Competition in policies, not currencies19 Lex: Pearl, Cray Electronics, S & N. Unigate, Meyer20
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World Index

qualifications concerning the Heileman brewing operation and Bond's newspapers. The auditor says Helleman is sus-taining cash flow deficits and cannot meet scheduled principal payments on long-term debt in the current year. The value of the newspaper titles is It also draws attention to breaches by Bond Brewing of its covenants on a A\$880m bank facility.

The bank syndicate con-cerned has decided not to issue default notices, provided certain important conditions are met. These conditions, spelt out separately in the accounts, help to explain Mr Bond's strategy, and that of his bank-ers, in recent months.

about the value of Bond's tele-vision licences and its invest-ments in Bond Media, the According to a circular, accompanying the report, Bond Corporation's debt is A\$6.58bn, investment and loans to Brit-ish Satellite Broadcasting, and and A\$8.23bn including convertible bonds.

LONDON'S ULTIMATE the need for a loss provision on the possible acquisition of the Emn brewery in Perth. Not foreshadowed were the HEALTH AND FITNESS CLUB.

BUT THEN, THAT'S JUST THE HALF OF IT.

The Espree Club is now under construction at Royal Mint Court. To find out what the ultimate health and fitness.

environment can offer, and for details of individual and corporate founder memberships, visit the Espree sales and information suite opposite the World Trade Centre, London EC3, or call the number below. 01-488 1222.

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The vast majority of former

expelses are not members og the Bund. The recent flow of East Bloc Germans into West

Germany is giving them e few more members but most of the newcomers have an ex-commu-

nist citizen'e suspicion of join-

ing anything. Nevertheless the Bund can

not be ignored - especially fol-

lowing recent events in East Germany – and has learnt, over the decades, how to play

on the nationalist heart-strings

of the centre-right political par-

FINANCIAL TIMES

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#### EUROPEAN NEWS

### Soviet coal strike starts to hit steel production

### By Quentin Peel in Moscow

THE illegal coal miners' strike in the Soviet Union's remotest coalfield, at Vorkuta inside the Arctic Circle, has begun to affect Soviet steel production. with no sign of an end to the three-week-old dispute.

The mines are running 400,000 tonnes behind their nlanned output as a result of the dispute, and the metallurgy complex at Cherepovets, in the Vologda region of central Rus-sia, has all but exhausted its coal reserves

However, the miners have resisted repeated appeals from government leaders to return to work, and are threatening to lead a breakaway movement to quit the official miners' union. Twelve of the 13 pits in Vor-

kuta are on strike, according to the latest reports from the town, compared with only

eight last week. They have sent international eppeals for support to the National Union of Minework-ers and the Trades Union Congress in Britain, and to the AFLCIO in the US. At least two of the pits,

including Vorgashorskaya, the largest in the field and the pit where the latest stoppage began, have voted overwhelm-ingly to quit the official trade union, according to Mr Nikolai Terekhin, e member of the strike committee sent to Moscow to rally wider support. The miners are also appeal-ing to the USSR Supreme

Court to overturn a ruling in the local courts of the Komi autonomous republic declaring the strike illegal.

A fine of Rbs1,000 (£1,000) e head was imposed on the strikers under the ruling.

Mr Nikolai Ryzhkov, the Soviet Prime Minister, has agreed to meet the miners' strike committee representa tives in Moscow on Friday, in an ettempt to reassure them that their demands are being

However, the strike commit tees are also going ahead with a weekend meeting in Novo-kuznetsk, in the West Siberian Kuzbas field, where demands to set up a new trade union will again be considered.

By David Goodhart in Bonn THE West German Economics Ministry yesterday called e meeting of leading businessmen to discuss economic co-operation with East Germany and offered the latter belated access to left-overs from the Marshall Aid fund during another day of excited speculation about the economic and political effects of the changes over the inner-German border.

The debate about whether to call for a "Germany conference" of the four Allied powers - the US, Soviet Union, Britain and France - continues to divide the main political parties but as yet has no back-ing from any influential figures in the Government. Also some Christian Democrat members of the Bundestag

QUESTION

modernising Neto's short-range nuclear missiles in Europe, which split the allies

in the run-up to their summit

six months ago, has been over-taken by events in East Ger-

many, Western strategic ana-lysts believe.

Nato to deploy e successor to the Lance land-based weapon

as being virtually ruled out if

East German reforms go ahead

They see e joint decision by

THE

as expected.

have called for work to be suspended on the new Bundes-tag building in Bonn in the hope of returning imminently to Berlin. But most activity is on the

industrial and economic front, with the main ministries responsible for actual or potennext month. tial German-German infrastructure leading the way in preparing proposals for Chan-

cellor Helmnt Kohl's meeting with Mr Egon Krenz, the East German leader, next month. its system into the East. Transport and environment

are particular focal points. Mr Max Streibl, Bavaria's Premier, has called for a transport conference and the Transport Min-istry in Bonn has begun in East Germany and what it

of

Neto's

reviewing plans to expand East-West rail and road networks to supplement the post-war "north-south" bias in the transport system. The express train link due to

Government prepares proposals on co-operation with E Germany

Bonn calls talks with big business

be opened soon between Han-over and Berlin may now require more stopping points inside East Germany, accord-ing to a ministry official. Also, the new conventionel high-speed train network now under construction may be redesigned to include East Ger-

many. The West German ports of Hamburg and Bremen might soon be reconnected to their natural hinterland and flourish again as channels of trade from the East, according to Mr Konrad Kunick, Bremen's transport minister. In environmental matters,

East Germany has in the past few days proposed a forther 11 projects to the German-Ger-man environmental committee which are likely to be approved

In telecommunications, Deutsche Mobilfunk, one of the applicants to be the private sector competitor to the Bun-despost's digital mobile phone system, said it hoped to extend

The Economics Ministry plan for e round-table meeting of leading business figures came in e paper on the

can offer in return. The ministry is demanding much better ditions for doing business, including better and more direct contacts with business leaders (instead of export officials) and immediate legislation to allow joint-ventures.

In return, it is prepared to offer funds at low interest which originated with the post-war Marshall Plan to East Germans who want to set up businesses.

It will extend many of the investment advantages enjoyed by companies in West Berlin to those in East Berlin.

• There were some striking revelations about the East German economy during Monday night's debate in the Volkskammer (Parliament),

hard currency debt at a rela-tively modest \$9.7bn. But the minister did reveal figures which caused the Volkskammer deputies to gasp. He acknowledged that the Govern-

ment - which has not previously admitted financing expenditure out of anything other than current income had borrowed Marks 55bn to finance a home-building pro-

gramme, and another Marks 10bn for nuclear power stations and other large investments. But the worst was to come. Mr Höfner said that in order to

earn the equivalent of DMI in trade with the West, East Germany had to export goods which cost Marks 4.40. Officially the East German Mark is worth DM 1, although the black market rate is Marks

Emboldenen, e deputy anacu whether it was true that infla-tion, another secret, was run-ning et 12 per cent. "That can-not be precisely determined," the hapless minister replied. He was not far off the mark as the market basket on which the (non-existent) cost of living index was based was hope-

Index was based was hipt lessly out-dated. Mr Hofner plodded on, not-ing that there had been "changes" in the price index for improved goods which, in fact, were the same old prod-ucts at higher prices. East Germans, accustomed to enormous price rises in recent years for all but basic goods, did not need to be told this.

### Take a breath and consider the second German question David Goodhart examines the issue of German

minorities in non-German territory

Recent events in East Germany may have re-awakened the German question? If the first one refers question? If the first one refers to the national status of what is now Bast Germany a second refers to the status of those areas to the east of East Germany - notably Silesia, East Prussia and the Sudetenland - which for many decades before the Second World War were part of Germany and, after the war, became part of, respectively, Poland, the Soviet Union and Czechoslovakia. To many West Germans the

To many west cermans the first German question is quite enough to be going on with. The second is usually regarded, at least outside the nationalist right, as e piece of German history which should here been long hypici have been long buried. The fact that it has not been

The fact that it has not been is thanks in part to the role of the Bund der Verlebenen (Fed-eration of Expellees), founded in 1950 to represent the 12m Germans expelled from those eastern provinces to West Germany in the late 1940s - with, it is claimed, the deaths of 2m.

it is claimed, the deaths of 2m. To the Bund leaders the fate of those expelled is one of the neglected horror stories of the last war. They also believe that the miserable fate of the Ger-mans that stayed behind - and were forced to become Poles, Soviets, or Czechs - has, at least until recently, been greeted with indifference by e world, including part of the West German establishment, which continued to see such Germans as victims of their past enthusiasm for Hitler.

Critics of the Bund - which claims 2m members - consider its views self-pitying and reactionary. After all, they say, most of the 12m expellees, unlike many other victims of the war, were able to start a secure life with material advantages – set out in the. Expellee Law of 1950 - not even enjoyed by other West

Even critics who accept the Bund has played a role in defending the rights of the oppressed German minorities in the East bloc insist that by keeping alive Germany's legal claim to the eastern provinces, within the borders of 1937, it has damaged attempts at rec-

alist Republicans has given the onciliation organised expellees another potential political home which But those who hoped that the organisation, or at least its considerable political influin turn has given the leaders of the centre-right parties, who ence, would die out with the have always picked up their votes, cause to blor the queoriginal expellees have been disappointed. The rise of the far-right Republican Party, the tion of the eastern bordera. The Bund has also been a 50th anniversary of the Ger-man invasion of Poland, and now Chancellor Helmut Kohl's background presence complicating the already tricky pego-tiations between Bonn and historic visit to Poland, which ended yesterday, have all in their different ways provided the Bund with new leverage. Warsaw, over German aid in return for better treatment of

the German minority, before And, as 30-year-old Mr Hart-mut Koschyk, who took over as general-secretary two years ago, proves, the *Vetriebanan* Mr Kohl's Poland visit. It is only since the beginning of this year that the Poles have recognised the existence of a German minority in their mentality has not died out with the original expellees. The Bund is sub-divided into organ-isations representing expellees from particular regions all of German minority in their country, a recognition that the Solidarity Govern-ment - which has a big fm in Mr Koschyk - has taken for-ther. Mr Koschyk says he is which have youth sections where the distinctive, and happy with the Bonn-Warsaw deal, signed yesterday, but insists that it is only a beginarchaic, German culture of that region is handed on to the

"It is quite simply a question of identity," said Mr Koschyk, whose parents came from Upper Silesia, in an interview st before the recent events in East Germany.

Poland, where most of the expellees homes now lie and where there are still about im people of German background, has no negative associations for the younger generation, he says. He believes that if - as the Bund insists - the expel-lees' lands were declared Genman again many thousands would go back - as "bridge-builders" not aggressors.

And what would happen to the Poles, Czechs and Soviets, who now live in these former

German regions? They would stay, of course. It is one of the basic principles of our founding charter that our claim to our land must not create new expellees", he says. Indeed when talking about the resolution to the eastern

wing of the German question, Mr Koschyk sounds more like e left-wing internationalist ist he is usually assumed to be. He borrows Mr Mikhail Gorbachev's phrases about a "common European house" and speculates about a "Europe of peoples" with e more relaxed approach to nationhood.

send address change uc. FINANCIAL TEMERS, 14 East 60th Street, New York, NY 10022. Financial Times (Schudintavis),Oster-gade 44, DK-100 Copenhaguer-K, Der-mark. Telephone (01) 13 44 41. Fax (01) 935335. The rise of the ultra nation-

Nato needs to reset sights, say analysts By Devid White, Defence Correspondent the US and its allies will now have to undertake a fundamental re-think of the need for such a weapon, as well as con-ventional arms policies aimed at deep strikes into Warsaw Pact territory against follow-on forces. They say that Nato would be

able to maintain e strategy of "flexible response," keeping a wide range of conventional and unclear options, but would have to rely on weapons lannched from aircraft to fulfil the tactical nuclear role.

The summit, at which Bonn firmly opposed the US and The proposed successor to the Lance would have about British case for an early comfour times the range of the mitment to a Lance successor, compromised by putting off a deployment decision to 1992. However, analysis believe current 120km weapon but would be mable to reach targets in the Soviet Union from

Nato territory. Longer-range missiles are being withdrawn under the Intermediate under the Intermediate Nuclear Forces (INF) treaty. Developments in East Ger-many will require a reassess-ment by Nato of the threat posed to it, they say. Western experts agree that more radical thinking will also be required on subsequent

be required on subsequent stages to the treaty now being negotiated in Vienna to cut conventional forces in Europe. Some argue that an initial treaty should be "locked in" as soon as possible, even if it omits the aircraft and helicop-ters which are now included along with armour and artillery on the negotiating table. Analysts see potential fric-

tion between the US and the Soviet Union arising from e rapprochement between the two Germanys, with the US focusing its priorities on keep-ing the Western alliance intact and the Soviets making German unification conditional on e dissolution of both military

pacts. In contrast to Nato, the War-saw Pact could fall back on strong bilateral defence agreements if it were formally dis-

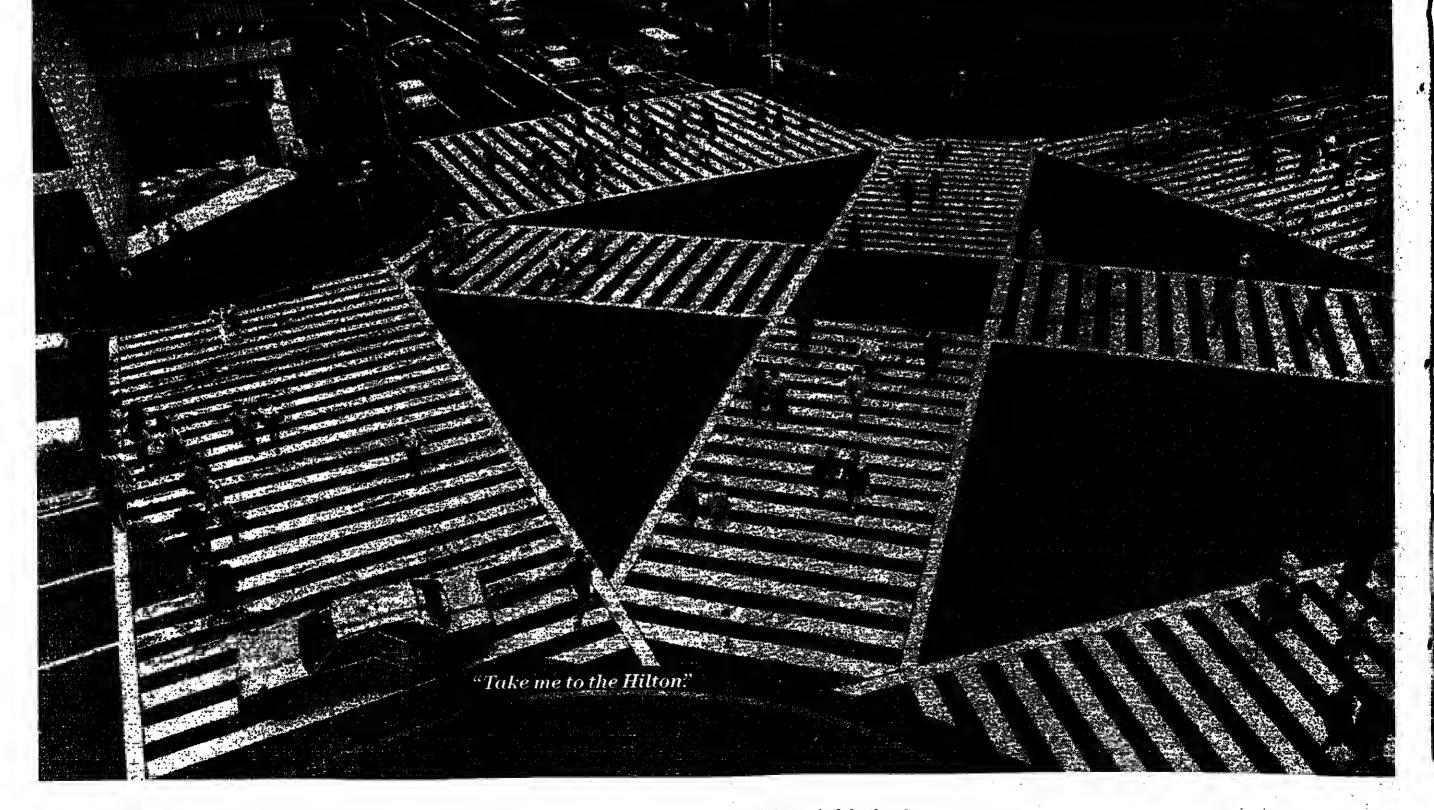
solved. On the Soviet side, experts foresee pressure building up in East Germany for reductions in Soviet forces beyond those expected to be achieved in a Vienna Conventional Forces in Europe agreement.

Germans.

E A Ladbroke Group Company

although some key indicators remain secret, Leslie Colitt Asked whether and how much East Germany was in debt, Mr Ernst Höfner, the Finance Minister, acknowledged that failing to disclose this amounted to "glossing over the issue" and "reflected a lack of courage". But he still did not muster the necessary courage. Western estimates put net

10.5. These transactions had produced losses to the economy of Marks 65bn which had to be made up in the 1990s. Emboldened, e deputy asked



He'd overslept. It had to happen today, of all days. His client wouldn't be too pleased at being kept waiting. But at least he'd be waiting in comfort. "Take me to the Hilton." It was where they preferred to meet. Conversation always seemed more constructive over a good breakfast in those pleasant surroundings. He simply couldn't fault the Hilton:

the service, the facilities, the friendly efficiency. And, he thought ruefully, you could always rely on the alarm calls. 🛇 For reserva-

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#### THE HILTON • THE HOTEL

#### **EUROPEAN NEWS**

### Italy's Communists run to catch up

#### By John Wyles in Rome

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yesterday towards what may. prove an historical change of name and identity designed to match the transformations being pushed through by some East European parties.

While genuinely welcoming the collapse of Stalinist com-munism to the north, the PCI has become increasingly wor-ried about being left behind the Hungarian and other ruling parties in the rush to change names and political strategies. rategies. Yesterday, the 56-member

issue. The main topic of the day-long discussion was the

For the first 10 months sales were 4.7 per cent higher at

11.55m, according to prelimi-nary industry estimates, and are on track for a record for

the fifth soccessive year at

Volkswagen group, which includes Audi and SEAT, is

locked in a tense battle with Fiat of Italy for leadership of

the European car market. Flat,

incloding Lancia, Alfa Romeo and Ferrari, is estimated to have maintained a marginal lead at the end of October, but

VW has achieved a faster

rate of growth this year, but

Fiat, like most European car-makers, has been constrained

by a shortage of supplies of

some of its best-selling models. October sales were boosted

by a sharp recovery of West German demand, Registrations

jumped 11.3 per cent, following an unexpected 18.1 per cent

----

drop in September.

European

car sales

recover

By Kevin Done

around 13.4m.

THE ITALIAN Communist need to convoke a meeting of to join in the formation of the Romania and Czechoslovakia. Party (PCI) took its first steps the central committee which in turn would call an extraordinary congress next year to decide whether to "refound" the party under a new name and with a strategy aiming at the union of the left in Italy.

Mr Achille Occhetto, the PCI leader, said yesterday that such a congress could be followed by a constituent assembly which would offer "the chance of achieving the unity of all Socialists, no longer on the basis of a theoretical debate but of a policy discus-

Yesterday, the 56-memoer executive began a heated dis-cussion on the change of name. Italian Socialists, led by Mr issue. The main topic of the Bettino Crazi, and other leftsion." wing parties would be invited

TOTAL MARKET

Flat (incl. Lancia

MANUFACTURERS:

new party. The first formal discussion of the name change - an issue heretofore considered in a far more abstract manner - represents an important victory for the PCI leader.

He is seen to be stezing on the events in Eastern Europe to achieve his plan to lead the party out of the political ghetto in which it has been confined

for the past 40 years. Although the PCI is now non-Marrist and social demo-cratic in all but name, Mr-Occhetto and his supporters fear that it will be increasingly damned by its nominative association with the residual rump of Stalinist parties in

Share (%) Share (%) Jan-Oct 89 Jan-Oct 88

190.0

14.8

14.7

10.5

9.9 3.6

106.0

14.8

14.8

The party's name has also long been an obstacle to any rapprochement with the Socialists and to the PCI's member-ship of the Socialist International movement of social emocratic parties. Movement towards a trans-

Movement towards a trans-formation of the PCI would also give Mr Occhetto some-thing to talk about with Mr Mikhail Gorbachev, when the Soviet leader visits Rome at the and of this incenth

the end of this month. Internet of this normal. Italian Communists have lec-tured the Eastern parties for years on the need for democ-racy and economic pluralism and they hope that Mr Gor-vachev will pay tribute to the PCI's role in encouraging

reforms. The Communists remain Italy's largest opposition party but lack any real prospect of government without unity on the left. This means that they

have to entice the Socialists out of their coalition partnership with the Christian Democrats which first began 26 years ago.

But the PCI old guard could still put some obstacles in Mr Occhetto's way. Its members regard a change of name as symbolising both the payment of political blackmail to Mr Crazi and the renunciation of democratic and socialist ideals nurtured in the underground movement against fascism

Italy agrees deadline for **Bagnoli** 

By Lucy Kellaway in Brussels

The Italian Goverment last night agreed to a new deadline for the closure of its Bagnoli steel plant, in a surprising change of heart at a meeting in Brussels of European indus-try ministers.

Under the new agreement the plant must be closed by the end of 1990. In return the L5,170m \$3.8m) of state aid to restructure the Italian stoel industry can be paid.

industry can be paid. Mr Roger Faroux, the French Industry Minister, said yesterday that the agreement "closed a lengthy chapter in the steel industry as state aid granted will be the last of its kind. This is the end of the crisis in steel and the start of a new era." new era."

new era." The Italian government, which had been in breach of two earlier agreements to close the plant, yesterday agreed that the new date set would not be extended again. Rarlier yesterday Italy had pressed for a flexible formula that would be tied to the clo-sure of Bagnioli to a future down turn in the steel indus-try. Other European countries refuse to accept any arrangerefuse to accept any arrange-ment that did not establish a date for the closure.

The deal will allow two thirds of the state aid to be unfrozen immediately and the remainder after Bagnioli has been shut down. The compro-mise, was described by Sir Leon Brittan, Competition Commissioner as "reason-

promise it seemed unlikely that the necessary support could be obtained. It had seemed inevitable that the legality of the aid would have reached a final decision in the

compromise from Germany, which has taken strong mea-sures in restructuring its own steel industry, and which had previously adopted a hard line position on early closure.

plant was to have been shut in June, 1989, a deadline which was extended to March, 1990. Italy had argued that the strength of steel demand had rendered numecessary such an early closure of capacity.

### **Community adopts** insider trading rules

#### By Lucy Kellaway in Brussels

EUROPEAN Community-wide insider trading rules, making it illegal for both "primary" and "secondary" insiders to trade on the basis of confidential information, have finally been agreed by member states.

The rules, which have had to be watered down significantly, must be implemented by June 1992. They define inside infor-mation as anything not yet made public and which, if widely known, would have a "significant" effect on the price of a share.

The legislation will cover primary insiders (employed by the company or acting as advisers) and secondary insid-ers (who have acquired the information from other

sources). Primary insiders will not be allowed to trade on the basis of the informatioo either on their own account or for third parties, neither will they be allowed to pass on the information.

The directive, which has taken over two years to draw up, falls short of legislation in countries such as the UK, but could influence countries such as Ireland, Luxembourg and Italy which are in the process of introducing rules.

In West Germany insider trading is not a crime, although there is a voluntary agreement harring traders from making use of inside information.

Palmstierna, who has been on administrative leave from SEB

since October 24. SEB said its

board has not yet discussed who will replace Mr Palms-

cerns a leaseback arrangement on housing that amounted to a

rental subsidy for the bank's senior executives and which

authorities claim was a taxable

The tax investigation con-

### Swedish bank chief quits after tax investigation

tierna.

By John Burton in Stockholm

MR Jacob Palmstierna, chief executive of Skandinaviska Enskilda Banken, Swedeo's largest commercial bank, resigned yesterday, seven months after assuming the post, following a tax investigation into his personal financial

affairs. In his letter of resignation, Mr Painstierna explained that his name had become so "tainted" by the tax investiga-tion that it threatened to damage confidence in the bank if he remained with SEB, where he has worked for 30 years. He maintained he is inno-

January L.

fringe benefit. Mr Palmstierna did not report the transaction in his tax returns from 1981 to 1987. He was fined SKr 250,000 (£24,426) in back taxes and penalties earlier this year for this

**Delay over Gdansk rescue** By Christopher Bobinski in Warsaw

PLANS BY Mrs Barbara Arthur Anderson the London company of accountants have meant that plans to set up the Plasecka Johnson, a North American millionairess of Polish origin who wants to rescue the Gdansk Lenin Shipyard from closure, have suffered delays. Mrs Johnson who was company have been put off by between three to six months This development has ied to

fears among the workers at the yard which still has several to have signed a preliminary agreement to set np a joint orders to finish, that they risk agreement to set hp a joint company with the yard which is regarded as Solidarity's birthplace, last week and pnt the company into operation by losing relatively generous redundancy payments avail-able now if they choose to stay on and the deal with Mrs Johnson falls through. Workers are However delays in valuing worried that redur the fixed assets at the yard by ments will be cut. worried that redundancy pay-

#### WEST EUROPEAN new car sales recovered sharply in October. An estimated increase of 11.1 per cent to 1.12km con-founded industry fears that the peak had passed. September sales, at 3 per cent lower than a year earlier, showed the first monthly fall this year. For the first 10 months cales & Alfa Romeo) Volkswagen (inci, Audi and SEAT) Peugeot (including Citroen) Ford 12,8 1,475,000 +52 12.7 Ford General Motors (Opel, Vauxhali) Flensuit +7.5 1,355,000 11.7 114 1,274,000 11.0 10.2 3.2 8.1 3.0 2.9 2.6 2.0 1,179,000 +7.8 Rover 364.000 -7.6 362,000 3.5 8.0 2.8 2.8 2.0 11.5 -5.0 +5.1 +7.8 BMW Toyota Voivo 329,000 295,000 227,000 -3,5 +1,2 -0,5 10.9 1,259,000 MARKETS: +1.3 +4.9 +8.9 +8.7 +8.7 +4.5 2,402,000 2,071,000 2,021,000 20.8 West Gerns 2 17.9 Rely. Fra 1,904,000 16.5 8.0 Spain 923,000 Source ; inclusivy esti the two were separated by less than 1,000 cars with some 14.8 per cent of the European mar-. The overall growth in European demand was also fuelled last month by an estimated

WEST, EUROPEAN NEW CAR REGISTRATIONS Issuary-October 1989

Yolume Change(%)

+4.7

+4.5

+5.9;

Volume (Units)

11,556,000

. . . .

1,711,000

1,710,000

20.8 per cent rise in France, where sales have been boosted by a cut in VAT on cars. Sales in October were higher than a year earlier in 15 of 17 markets across Europe, with demand falling only in Portu-gal and in Norway. For the first fen-months they were higher in 13 markets; biggest increases were in Greece and Ireland, and sales were lower in only Sweden, Denmark, Nor-

way and Portugal. While several Japanese man-ufacturers have lost market share and sales volume this year, Nissan, has increased its by around 5.1 per cent to 350,000 in the first 10 months. Most importantly it is begin-ning to make significant inroads into the restricted mar-

inroads muo the restricted mar-kets of Italy, France and Spain with cars from its UK assembly plant which enable it to cir-cumvent national quota constraints on direct exports from Japan.

### **Brittan faces test** over Renault aid

#### By Lucy Kellaway In Brussels

SIR LEON BRITTAN will today face his toughest test as Com-petition Commissioner when he tries to persuade Commis-sion colleagues to back a plan that would force Renault, the French state-owned car com-pany, to repay FFr12bn (21.2bn) state aid. He has claimed that the France has not ablied by the terms laid down by the Com-mission in 1988, and that, after several failed attempts to nego-tiate a compromise with the French Government, has decided to ask for fall repay-ment of the grant. SIR LEON BRITTAN will today state aid in the Community, but the credibility of the Commission itself. At stake is the ability of Brussels to make individual countries abide by undertak-ings given, and in particular to make sure that the same condi-tions are seen to be applied equally both to large and the small member states. The vote will put both the French commissioners, espe-cially Mr Jacques Delors, the Commission president, in a difficult position. It will be politi-cally impossible for them to

The outcome of the meeting is likely to be close run, with is likely to be close run, with most of the liberal commission-ers voting with Sir Leon, but with most of the Socialist ones joining the French. Commission officials pre-dicted yesterday that it would be decided by one or two votes

either way. As a condition of the payment of the state aid, Renault agreed to cut its car capacity by 15 per cent by the end of this year, and that of its trucks of 30 per cent by the end of 1000 of 1990.

of 1990. According to Commission estimates, the reductions will in fact be about 4 per cent and 9 per cent respectively. Some officials yesterday were hoping that a compromise positioo might still be possible before today's vote, although given the hardline position of the French Government this

French Government this seemed unlikely. France disputes the Commission's numbers, and argues that the unlooked for health in car market, as well as the change in the French Government since the conditions were

negotiated releases it from abiding by the terms of the agreement.

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### cent of tax evasion. No charges have been filed against Mr Before the last minute com-

able."

European Court.

The new deadline involves a

Under the original settle-ment with the EC the Bagnoli

21.5 17.9 16.8 15.9 8.0

vote for the repayment, but to vote against it would be to undermine the powers of the 

ment of the grant. Officials believe that the vote will not only test Sir Leon's credibility and his ambitious plans for curbing

### WEITKE TO TALK ABOUT PRIVATE BANKING WE PREFER TO LISTEN FIRST.



A private individual who entrusts his savings to a bank, naturally expects the bank to do more than just hold his money in safekeeping.

Nevertheless, it is the ABN's view that, particularly with Private Banking, incidental financial successes should not be the sole aim. Since this can never form the basis for a lasting relationship with a customer. Which is why, as far as we are concerned, Private Banking always starts with listening.

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thanks to its network of almost 1,000 offices spread over 44 countries. These operations are run by managers who know the local markets like the back of their hand. Not only in the area of finance but also with regard to local regulations and business practices. And who are always ready to serve our clients.

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This then is the firm foundation on which the ABN builds solid relationships with large numbers of high-net-worth individuals. Because a bank that knows the world, automatically becomes known throughout the world.



K ECUADOR FRANCE

#### **AMERICAN NEWS**

#### Walesa seeks US | El Salvador's rebels catch army on the wrong foot an extensive list of demands Tim Coone watches the left-wing FMLN consolidate its positions BRAND new car, its windows and tyres shot out, hlocks a street in lead in campaign which if accepted would shake army appears to give them lit-

#### By Lionel Barber in Washington

for investment

MR Lech Walesa, the Polish Solidarity leader, yesterday called upon his fellow trade unionists in the US to mount an immediate campaign for a multi-hillion foreign investment programme to ensure the survival of Poland's fledgling

democracy. Mr Walesa said in a speech to the AFL-CIO, the American labour federation, that the US should give a lead to the rest of the world in promoting private investment in Poland, and warned that the fate of the Solidarity-led government could hinge on such investment.

He has expressed some dis-appointment that the US Government has not provided more financial support for Poland, but vesterday a revised Senate aid psckage amounting to \$657m over three years moved towards approval. The House was voting separately on \$533m in aid and credits for Poland and Hungary. These packages compare to Mr Bush's proposal amounting to about \$450m.

The appeal for private capi-tal and political support is the main theme of Mr Walesa's week-long trip to the US. Though toe AFL-CIO still has 14.1m members, it lacks the political influence it enjoyed in the days of Walter Reuther and George Meany in the 1950s and 1960s. Ronald Reagan, unionbusting and the deep recession of the 1980s have contributed to its decline. and democracy.

Mr Walesa's trip began with

#### Food agency chief steps down

MR Frank Young, the Food and Drug Commissioner who presided over a tumultuous five years at the powerful Washington ageocy, is moving to a lower-profile job under evident pressure from the Bush administration, writes James Bachen in New York.

Mr Young, 58, will move to a new job as Deputy Assistant Secretary of Health, for health science and environment. No successor has heen

named to run the agency, which regulates the consumer economy.



Walesa: foreign capital

an emotional welcome at the White House on Monday night. The stocky shipyard electrician and Nobel Peace Prize winner blinked back tears as President George Bush presented him with the Medal of Freedom, America's highest civilian award, and called him the "spiritual godfather of a new geoeration of democracy". On his first trip to the US, M. Walesa told his hosts that admired America not because it was rich or powerful hut because it was "a country of freedom". He spoke of Polish immigrants who had come to

Mr Young, a doctor and for-mer academic, is credited with

speeding up the approval pro-cess for life-saving drugs and

has won some praise from AIDS activists for making

the northern suburh of Mejicanos of San Salvador. Nearby a truck is slewed across the road, while piles of bricks, scrap metal or ruhble serve as make-shift barricades. Behind them young guerrilla soldiers, men and women, rest and talk qui-etly, seemingly ohlivious to the incessant whine of a counterinsurgency aircraft circling

high overhead. People look on and offer help to two wounded. Sporadic automatic rifle fire crackles in the next street and an aircraft rocket crashes into a neighbourhood close hy. The 10-year-old war in El Salvador has taken a dramatic turn precisely when both sides

seemed to have reached a stale-mate on the hattlefield that was forcing them to negotiate. Three days after the left-wing guerrillas of the Fara-bundo Marti National Libera-tion Front launched their nationwide offensive, most of the northern and eastern sub-

Mexican debt accord

### unlikely to be delayed

By Stephen Fidler, Euromarkets Corraspondent

OPTIMISM has grown over the last week that Mexico's financial package with its commer-cial banks will be put together without awkward last-minute renegotiations. Mr William Rhodes, Citicorp's chief deht negotiator

expected to close the books at the end of the month. This sug-gests the transaction is unlikely to be completed until the US in search of freedom

> the package might have to be renegotiated hecause few banks were choosing to make new loans. The \$7bn of official backing for the debt and interest reduction options in the deal would not be sufficient if too many banks avoided mak-

AZT available more quickly. Bot the agency has been beset by hudgetary pressures and was embarrassed this year However, It appears that although the new money ele-ment will fall below target, by revelations that makers of generic drugs – cheap copies of off-patent prescription drugs – had hribed officials to gain approval and submitted false information to testers. tion option.

urbs of El Salvador's capital San Salvador are under the control of the guerrillas. The army has been wrong-footed and appears uncertain how to regain the initiative. According to reports from elsewhere in the country, half a dozen other cities are in a similar situation and guerrilla reinforcemants are said to be arriving in the

capital. "We are here to stay as long as we can" said the leader of the 15-strong group of guerrillas encountered in the suburb of Mejicanos. In previous attacks mounted on the capital, they melted away quickly

into the countryside. In this part of the capital, the guerrillas are facing army positions only 500 metres awsy. Two armoured cars shelter in a side street. Their offi-cer in charge seems unwilling to risk their thin armour against the anti-tank rockets carried hy the FMLN. The superior firepower of the

tle advantage in the narrow streets and close-range combat of some of the most densely populated parts of El Salvador. instead they are relying on the air force. But with six helicop-ters lost in the first 48 hours even the air force appears to be licking its wounds and flying high out of range of the guerrillas' machine guns. The FMLN has called on the

population for support. The apparent rapport between the people from these poor neigh-bourhoods and the guerrillas, and the ease with which civilians pass between the lines of the army and guerrilla posi-tions, suggests that local sup-port for these rural-turned-ur-ban guerrillas is indeed forthcoming. The war has arrived at the cities, maybe to stay. If the Government cannot

dislodge the guerrillas as they entrench themselves and build stronger barricades, the mili-

tary prowess of the armed forces will be severely ques-tioned, as will the political credibility of the government of President Alfredo Cristiani, in power since June this year. He promised to hold negotiations, but from a position of strength.

Already heavy civilian casualties have been reported after attacks hy helicopter gunships and aircraft against the sub-urbs. One reliable source reported late on Monday that over 260 civilian wounded were in one hospital alona, many suffering from shrapnel wounds. There is a fear that civilian casualties will grow much higher. The FMLN claims to have

inflicted 650 casualties on the armed forces since last Satur-day when the offensive began. The guerrillas have not given their own casualties, hut the army claims they run into the hundreds. The army cancelled a press conference scheduled

for Monday

Censorship imposed under the state of siege and the lack of reliable information from either side makes it difficult to gange the full extent of the guerilla offensive in other parts of the country. Western diplomatic sources however say that the guerrillas appear to be continuing on the offen-sive and that the army has been thrown totally off-hal-

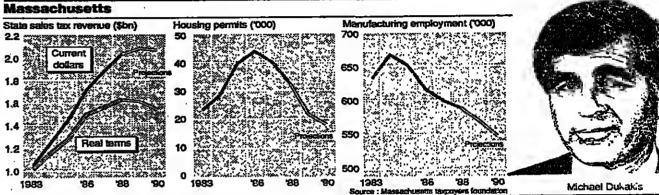
ancé. This is the most surprising aspect of all. Just last week the army said It knew in advance of the guerillas' plans. Nonetheless the chaotic situation of the country suggests the army's leadership had grossly underestimated the goercillas' strength.

The plan, according to the FMLN, is to convince the Government and army that only serions negotiations which include important political reforms can put an end to the war. The guerrillas have tabled

up the armed forces and give the left a hig say in politica. The right-wing Cristiani gov-ernment has been stalling, insisting that the FALN must disarm before reforms will be discussed. Having scored a psychologi-

cal success hy catching the military off-guard the FMLN has demonstrated its demands cannot be brushed aside. Some among the guerrillas favour raising the stakes, pushing for an all-out attempt to topple the

Government. It is difficult to imagine that the army will not soon respond with its own counter-offensive. If that fails, President Cristiani may have to accept a return to negotiations but from a weaker position than before. Such a situation can scarcely be viewed with equanimity in Washington, which has poured \$3.5bn into the El Salvador Government over the past 10 years to ensure the FMLN caanot dictate the country's future.



### The Duke's Massachusetts economic 'miracle' goes marching down again A hapless Dukakis watches the curve turn, writes Nancy Dunne

IFTEEN thousand college students descended on Boston last month in Massachusetts' largest demonstration since the Viatnam

It was tha most dramatic illustration yet that the "Mas-sachusetts Miracle" which car-ried Governor Michael Dukakis to the Democratic nomination last year, is no more than a regretied memory. The state's once-flourishing economy is in a downturn, and the "miracle" which allowed the state government to fund a wide range of programmes, despite dwindling federal assistance, has made Boston once again a

MR John Gould, president of Associated Industries, a business lobby, talks enthusiastically about entrepreneurial graduates of Massachusetts universities who "put bricks and mortar around their ideas". They represent the future of the state's economy.

In an industrial park, created by the Dakakis Adminis tration 35 miles outside Boston, is one of many companies spun off the Massachusetts Institute of Technology. Kopin Spin of the Massachuseus Institute of Technology, Ropin Corporation, a four-year old company, is pioneering the emerging field of semiconductor wafer engineering. Its president, Dr John Fan, a Harvard and MIT graduate, says the market for semiconductor components is expected

to grow to \$50bn by 1990 and he expects to get a healthy chunk of it. It was Governor Michael Dukakis who convinced

him to set up husiness in Massachusetts, he said, when he was heading for California's Silicon Valley. A haison team from the governor's office nursed the infant company through its set-up phase and halped arrange long-term low-interest loans as a part of the financing. governor is

It was the afflueoce which allowed the state to fund day care, worker training, in-home elderly care, yonth pro-grammes and to hegin a cleanup of the now-infamous Boston Harbour. With no increase in average taxation, revenues poured in, and Massa-chusetts shared the wealth with hard-pressed local communities.

With the downturn, has come painful state and local across-the-board cuts. The sheters have been ordered to evict some of the homeless. The state's much-prized medical health insurance programme has been delayed and may never be implemented.

The governor's approval rat-

ing in the poll has sunk to 17

per cent, and candidates for the governor's race next year are accusing him of unneces-

sary cuts to force thelegisla-

Everywhere there is a hun-

ger for new leadership. Some,

looking over the list of less-than-charismatic candidates

for governor next year (M; Dukakis is not ronning) are hoping to draft Congressman Joseph Kennedy, son of the late Senator Robert Kennedy.

Mr Alden Raine, the gover

nor's closest economic adviser is clearly disheartened. "We

are accused of not really cut-ting the hloated bureaucracy,"

he said. "They think we have a

room some place with 10,000 cronies, and we won't cut any-

one in that room. It's much more fun to cut higher educa-

Unable to act decisively, the

governor has been meeting

with small groups of business-

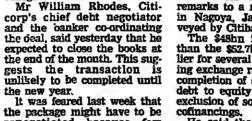
men and economists to seek men and economists to seek advice. He is warned that the basic strength of the local economy could be drained away by falling confidence and

Senator Patricia McGovern

the budget impasse.

tion.

ture to raisetaxes.



ing new loans.

loans would exceed 10 per cent. Mr Rhodes said acceptance option was running at twice the level originally expected. more banks than expected have chosen the principal reduction option, which uses This suggests some 40 per cent up less official collateral than the alternative interest reducof exposure will be converted into bonds at a 35 per cent dis-count to face value.

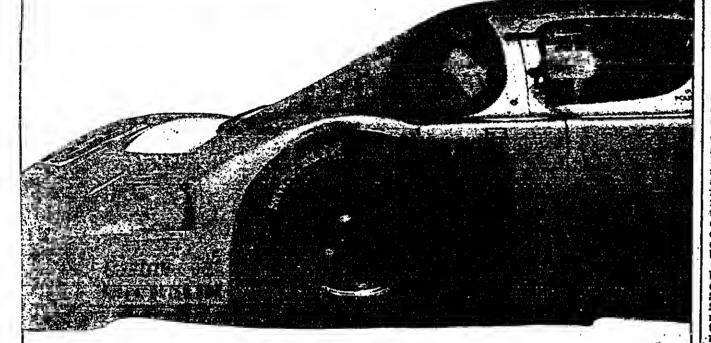
#### 1.8 Mr Rhodes said more than half of Mexico's 400 bank creditors, representing some \$30bn of the \$48bn in medium and long-term bank debt of Mexico,

had so far responded. His remarks to a news conference in Nagoya, Japan, were con-veyed by Citibank officials. The \$48hn figure is inwer

than the \$52.7bn reported ear-lier for several reasons, including exchange rate changes, the completion of some suspended debt to equity swaps and the exclusion of some World Bank

tha principal reduction

cofinancings, He said that commitments for new loans would reach "8-10 per cent give or take a couple of percentage points". Mr Angel Gurria, the Mexican undersecretary for interna-tional financial affairs, told the conference he expected new



### Now you know who gave Mercedes their grip on the world **Championship**

Michelin-shod Mercedes won seven out of the eight 1989 World Sports Prototype Championship races:

> 1st Suzuka 2nd Dijon 1st Jarama 1st Brands Hatch 1st Nürburgring **1st Donington** 1st Spa 1st Mexico City

And just to rub it in, it was also first at Le Mans.

Congratulations from Michelin to the whole Mercedes team.

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flashpoint of political agitation.

The state budget is caught in a squeeze between falling reve-nues and flery anti-tax fervour. Local communities ara strapped for cash which tha state government can no longer afford to provide.

Although Massachusetts is not technically in a recession and economists agree that the basic economy still has strength, the worrying signs abound. The factors which fueled what was in fact a regional miracle – the high technology boom, the growth of financial services and defence spending, and the decline. in oil prices – hava begun to fade. State unemployment, still

below the national average, climbed from 8.1 per cent last September to 4.4 per cent this September. Tha real estate market has slumped; construc-tion is down. Sales tax revenue, heavily reliant on durable, goods, has slipped by 10 per cent in the past year. Tha manufacturing and hol - has become a poignant symbol of the gloom pervading

high-technology sectors have been hurt by takeovers and slow sales of minicomputers. Manufacturing emplay-ment - about one-fifth of the stata's labour force - has fallen from 637,000 in April 1987 to 580,000 today. The econ-omy has added service jobs, hut those salaries average \$14,000 a year less than mann-

facturing employment. A batch of recent quarterly reports dramatises the econ-omy's continuing weakness. Wang Laboratories reported a \$62m loss in the first quarter.

US retail sales

months with a 5.1. per cent month-to-month fall. There

was less than expected buoy-ancy in the rest of the market.

announce

UT FAIL'S VIEW executive. "Dig out old newspapers," he said. "When we were great we were not as great as we were perceived to be; now we're down, but wa not as bad as it seems." The infrastructure is still there. The educational institu-tions are still there. The great companies are still there,

although some are going through cycles. But 'f we don't lose hope and fight back, we'll be in trouble."

**Digital Equipment Corporation** tax collections at first went announced a 32.5 per cent fall unnoticed because the monthly in first onarter earnings to \$150.8m. Prime Computer said it would lay off 1,500 employstatistics are always volatile.

"We got fat, dumh and happy, and wa're paying for it," says Mr John Gould, presi-dent of Associated Industries, a ees - nearly 20 per cent of its work force - as part of a restructuring effort to reduce a \$1bn debt incurred in a takebusiness lobby. "When the gov-ernor ran for president, we took our eye off the ball."

As tax collections slowed in the spring of 1988, Gov Duka-kis impnsed spending restraints on government agen-cies; it created a furore in a state which had become accus-tanged times The Bank of Boston has reported a record quartarly loss of \$125m. The Bank of New England has announced it would sell off 53 branches and trim assets by \$1bn. In the centre of the turmoil is Gov Dukakis, whose wife, Kitty – last week hospitalised for swallowing ruhbing alcotomed to good times.

The governor proposed tax rises. The legislature settled for an inadequate, temporary surtax, cowed by vociferous opposition, fed by the largely unjustified Bush campaign

the state government. Since the election last year the government has been so saddled with a credibility prob-lem that Gov Dukakis has been unjnstified Bush campaign charge of "Taxachusetts". The state, constitutionally required to balance its hudget, has been forced into short-term borrowing and stringent cuts, which eventually will throw thousands of state workers out unable to halt the decline. Resentment over his poor showing in the presidential race has turned to suspicion that he made matters worse by covering up the state's build-ing troubles during his run for the presidency segment Mr thousands of state workers out of their jobs. Last summer Moody's Investors Service, a New York bond rating firm, dropping the Massachusetts' long-term bond rating to A, the presidency against Mr George Bush. Most economists absolve him from AA, putting it above only Louisiana of the 39 states of that charge. Ms Lyn Browne, deputy director of research at the Boston Federal

"Massachusetts," says Ms Browne, "is paying the price for its remarkable prosperity." Says."

head of the Senate Ways and Means Committee, is clearly impatient for effective leader-ship and she complained that the stete has "lurched from one mini-crisis to another". Still, she believes Gov Dukakis has been unfairly blamed for the state's troubles. "Even miracles have cycles," she

Sharper setback **Republicans** seek to than forecast in soften abortion stance

#### By Lionel Barber in Washington

Reserve, says the slowdown in

US retail sales fell I per cent in Octoher, considerably more sharply than expected, while the Californian earthquake and the strike at Boeing caused a LEADING Republicans are urging the party to soften its strong anti-abortion position or face significant defeats in next 0.7 per cent drop in industrial output, writes Our US Staff. Market reaction was subyear's US mid-term elections. Pressure for a shift is increasing after recent defeats dued as the underlying picture, said the Federal Reserve, was in two gubernatorial races in Virginia and New Jersey, of continued sluggishness; and where Democratic candidates its response to easier monetary benefited clearly from a "propolicy was reflected in market choice" abortion rights stance. prices before the figures were President Bush signalled the retreat by declaring last week that abortion was a personal issue and the Republican party The fall in retail sales was entirely accounted for by the weak car market, which as already announced fell from the heavy inventory clearance sales of the previous two

over battle.

should be broad enough to accommodate differing views. Republicans initially sought to play down the significance of the abortion issue in last week's election reverses. But polling data indicates that vot-ers, particularly women, are

receptive to the argument that government should not inter-fere with "a woman's right to choose" on abortion.

The Democratic party has largely embraced this "right to choose" argument since since last July's Supreme Court deci-sion in Webster v Reproductive Services which gave the states the right to enact new restrictions on abortion. The Webster case has also

galvanised the abortion-rights movement. Last weekend, large demonstrations took place across the US. Mr Bush, once pro-choice, switched to being an abortion

opponent to be more compati-hie as running-mate to Ronald Reagan in 1980. He has looked uncomfortable on the issue ever since.

Settlement in telephones group strike

NYNEX, which operates telephones in New York and New England, has dropped its main goal of cutting health care costs to reach a tentative settlement with 60,000 striking telephone workers in seven north-eastern states, writes Roderick Oram in New York. Its attempt to shift some of the cost of health insurance to

its workers helped trigger a bitter three-month strike. After a month of mediation

and a bargaining session over the weekend, Nynex reached a tentative pact with the Com-munications Workers of America and the International Brotherhood of Electrical Workers to continue to bear health care costs, while the unions agreed to a lower wage increase than the company had first proposed.

### To say that Alcatel offers the most advanced technology on earth is not strictly true.



To get the full picture of Alcatel's technological expertise, you have to look that little bit further than the earth beneath your feet. Because, right now, Alcatel is continuing to conceive, design, build and service the most advanced systems in every area of communications. From satellite systems, including the prestigious, multi-national Intelsat VII project, to undersea cables, such as the 2,500 kilometre link constituting Tasman 2.

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Yet, retaining a position at the very forefront of communications systems technology takes more than just expertise and inventive inspiration. It also takes money. And a good deal of it. To date, Alcatel invests some \$1 billion every year in Research and Development.

In doing so, Alcatel is perfectly positioned to design and manufacture across the full, yet ever-growing range of communications systems. These include Public Network Systems, Transmission, Business Systems, Cables, Network Engineering and Installation.

It's a commitment that is destined to take Alcatel well into the future. No matter where the future lies.



Alcatel n.v., World Trade Centre, Strawinskylaan 341, NL 1077 XX Amsterdam, The Netherlands.

# British Airways announces the arrival of the first department store for travellers.







An entirely new kind of department store has opened in Regent Street.

It is called, appropriately enough, First. It's British Airways answer to every traveller's prayer. For under one roof, you'll find everything you could possibly want to make planning your journey simple, efficient and even, dare we say it, enjoyable.

Isn't that somewhat of a tall order? Well, First has 3 floors of highly technical wizardry and knowledgeable staff to make sure it happens.

On the First Floor, for instance, you'll find

46 booking desks linked by computer to the world's major airlines. So we can book flights and connections that suit you down to the ground.

We can also organise hotels and car hire in most places around the world. And arrange passports and visas for you there and then.

There's also a theatre ticket booking desk, a Foreign Exchange for foreign currency and travellers cheques, even a Coffee Shop should you wish to re-fuel.

Fax and photocopying machines are also on hand for your use.

On the Lower Ground Floor, you can have passport photos taken and your immunisation requirements dealt with by trained medical staff. There's a pharmacy, too.

Meanwhile, on the Ground Ploor, First is home to 14 boutiques selling merchandise from the very best names in Britain. Burberrys', Courtenay, Mappin & Webb and the Irish Linen Company as well as exclusive stationery, prints and books from First Press and Print.

There's also a Holiday Shop, which will help you with anything from a holiday of a lifetime to a romantic weekend in Venice. All this in an atmosphere which combines hi-tech with high standards. 5 **N** N

First, at 156 Regent Street. Yet another first from the world's favourite airline.

Open from 8am until 7pm Monday to Friday and from 9am until 6pm on Saturday.



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#### **OVERSEAS NEWS**

### **Political fears** hit investment growth in HK

#### By John Elliott in Hong Kong

MORE than a third of overseas manufacturing companies operating in Hong Kong have said the coloay's overall invest-ment environment is not ment environment is nos favourable following the recent events in China. About 50 per cent believe the political future poses a problem because of the 1997 hand over to China. This is in line with a general

shamp in confidence in Hong Kong since June.

There has, however, been some recovery in the last two or three months since July and August when the answers were

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Angust when the answers were being given. The findings are revealed in a government report published yesterday which covered about 560 of the colony's 600 plus overseas companies. The survey showed that overseas manufacturing invest-ment rose by 24 per cent last year to HK\$26.17m (£2m). This is double the tofail to 1984 This is double the total in 1984 and accounts for about 20 per cent of both total manual ing investment and exports. Electronics takes up the larg-est share with 36.4 per cent, followed by textiles with 10.5

per cent. Japanese companies provided more new investment last year than any other coun-try, with 37 per cent of the total HK\$5.05bn.

They have shown most resilience to events in June, although officials say that a per cent of the companies they had sub-contracting arrangesurge caused by appreciation ments in China.

**Gunfire mystery** 

at Toyota golf

outing in China

JAPANESE businessmen working for Toyota in Peking dived for cover from what they believed was a hail of machine-gun fire while playing a round of golf on Sunday. The Government is investi-gating the incident which is thought to be linked to an anonymous letter, threatening to kill Japanese still doing business with Peking in the

business with Peking in the wake of June's massacre.

Sources said two bursts of 20. to 30 bullets hit trees at the Peking Golf Club, close to

Peting Golf Club, close to where a large group of Jeps-ness businessmell, "were waiting to tes all, The Japs-ness believe the shots were fired at them and are scepitcal of claims the guaffice may have accidentally come from an adjacent shooting range.

By Peter Ellingsen in

Pekina

in the yen has ended. The US still had the biggest overall investments, with 34 per cent; of the total, followed by Japan with 27 per cent, China with 11 per cent and the UK with 8 per

when they operated a geno-cidal policy that killed im or more of Cambodia's 7m citi-zens. The slanghter was inter-Officials report that inqui-ries about investment have dropped off by about 15 per rupted by the Soviet-backed cent since June, and admit they know of two companies invasion from Vietnam. Although all sides refused to which have abandoned investallow a UN force to monitor the withdrawal most Western countries believe that the Vist-

namese pulled out their last

combat units in September, as

ment plans because of political worries. They believe substan-tial new investment is coming on stream this year, but admit the growth will be well below last year's 24 per cent.

Only 64 per cent of the com-panies polled said that Hong Kong's overall manufacturing investment environment was favourable, compared with 85 per cent last year.

Japan's price

pressures may

By lan Rodger in Tokyo

**JAPAN'S** wholesale prices

dropped 0.6 per cent in October compared with the previous month, reversing an upward trend that had prevailed for the previous 31 months.

The decline, which comes at a time when speculation about a rise in Japan's 3.75 per cent discount rate has been increas-ing, may caim fears in the cen-

tral bank that inflation has

taken hold. The overall wholesale price index for October stood at 89.6 against the 1986 base of 100. Ar was 3.3 per cant higher. Than a year earlier, the same

year to year rise as in Septem-ber, mainly attributable to the

ber, mainly attributable to the introduction of a 3 per cent: consumption tax in April. Bank of Japan officials said the month-to-month fill in domestic prices was helped by lower prices of non-ferrous metals, textile products and

be easing

promised. Pol Pot and his gang are still around. They want power and there is no evidence to suggest they have changed their objec-tives and, it must be presumed, not the lengths to which they may be prepared to go to achieve them. Political stability and the colony's future were rated as more important than positive factors such as the colony's banking and financial faciliachieve them. Since the Vietnamese withdrawal they have repeated their old tactics. From their strongholds on both aides of the Thai-Cambodia border ties, and its infrastructure, which were cited as favourable Khmer Rouge forces have been striking out through the malar-ia-infested jungle which they most companies.

High labour costs were said to be unfavourable factors by 52 per cent, and the rising cost of factory space was cited by 48 per cent. This has forced manknow and control so well to ufacturers to locate operations in southern China. Nearly 20

retake countryside areas vacated by the Vietnamese and which the Cambodian forces of THE United Nations Genvacated by the Vietnamese and which the Cambodian forces of the Pnom Panh Government of Hun Sen cannot hold. The Khmer Rouge, always eral Assembly begins a debate on Cambodia

today, just as the Khmer Rouge guerrillas in the coun-try, aided wittingly and unwit-The Kinner Rouge, arways strong in the countryside, have never managed to take a major town in the past decade. How-ever in the last month they have taken Pallin, near the Thai border, in an attack led by Pol Pot himself backed by tingly by a number of foreign powers, stand poised to make a push on the heart of the country to regain power. The Khmer Roage were last in power under the leadership of Pol Pot from 1975 to 1978 around 6,000 men.

This does not really count as taking a town as it was com-pletely evacuated years ago. But it is important it was a military town containing much Vietnamese and Cambodian army equipment. It is in the area from which precious stones, notably rubies, are mined, giving the Khmer

mined, giving the Khmer Rouge access to yet more potential funds. And it is a strategic point from which advances can be made south-wards through the mountains to the key areas around the capital of Phom Penh. The Khmer forces, which may number as few as 15,000 and almost certainly not more than 45,000, are the strongest and most effective of the three resistance groups under the nominal leadership of Prince Norodom Silanouk, the former head of state. head of state. The Khmer Rouge effectu-

ally control the opposition to the Hun Sen government. They

West's Vietnam phobia plays into Pol Pot's hands

Cambodia's murderer prepares to retake power as UK and others prevaricate, writes Robin Pauley

Pol Pot: lead attack on Pailin

are now striking near to Battambang, Cambodia's second-largest city although many observers think that they will take only one or two important rice-growing areas near the city and then, once the dry season begins next month, concentrate on areas around Pnom

Most countries of the world have expressed horror at Pol Pot's record and insisted that it should not be allowed to be repeated, China and Thailand having bean tha Khmer

Rouge's only consistent back-ers since 1978. At the UN General Assembly debate on Cambodia last November, a record number of states - 122 out of a possible 159 - voted for a resolution which contained an important change from previ-ous years, referring for the first time to "the non-return to the universally-condemned policles and practices of tha

recent past". Yet the reality has been different. In various ways the US, Britain, France, several mem-ber states of the Association of South-East Asian Nations and others have directly or indi-rectly aided the Khmer Rouge with military and non-military supplies. Much so-called humanitarian aid, ostensibly channelled though the Khmer Rouge's partners in the resis-tance coalition has inevitably found its way into the hands and control of the Khmer

Rouge. Control of food and medical Control of food and medical supplies is as important to a guerrilla campaign in the coun-tryside as weapons – and the latter have also continued to arrive aplenty, usually through the Khmer Rouge-controlled camps just inside Thailand. In addition, the world has continued to accept the resis-tance coalition controlled by the Khmer Rouge as the "legi-imate government" of Cam-bodia and thereby accorded it

the country's seat at the UN. In spite of suggestions that the seat should be left vacant pending elections it was again allocated to the Khmer Rouge by the Credentials Committee and the General Assembly last month, continuing its interna-

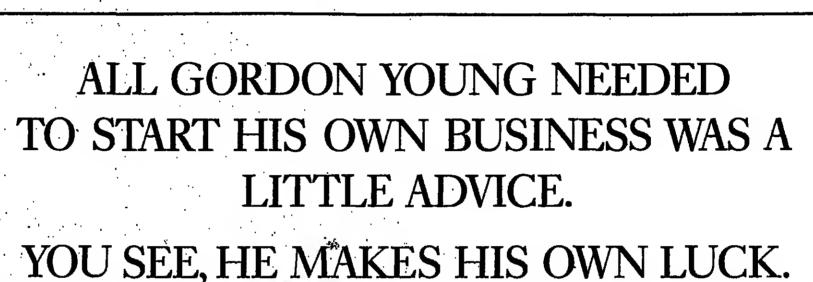
tional legitimacy. One problem is the inability of the US to free itself from its Vietnam phobia following its humiliating defeat in the Viet-nam war. The Hum Sen government was backed by the Vietnamese occupation force and is, by definition, communist. In spite of growing international recognition that Hun Sen has some impressive qualities and has done reasonably well with meagre economic resources, the US finds itself unable to support him even as a transi-tional force pending elections, preferring instead to insist on quadripartite coalition

a quadripartite coalition including Hun Sen and the Khmer Rouge under the leader-ship of Prince Sihanouk. The difficulty is that the Khmer Rouge are not only the strongest of three opposition groups but they hold a remark. groups but they hold a remark-able control over Prince Sihanouk who detests them but can-not shake himself free. Pince Sihanouk was was imprisoned and subjected to prolonged psychological abuse under Pol Pot, which some observers say accounts for his mercurial behaviour.

Britain does not look like showing the way to other European countries in the UN debate today. Indeed Whitehall may even instruct its UN ambassador, Sir Crispin Tickell, not to speak in the debate.

This reflects a backtracking by Britain following some sig-nificant policy changes announced by Mr Douglas Hurd, Foreign Secretary, last week. He announced an accredited diplomat would visit Pnom Penh from Bangkok for the first time in 14 years, extra funds for humanitarian aid to be channelled through nongovernmental organisations to Cambodia, and he gave the first formal indication that Britain accepted that the Viet-namese had indeed withdrawn.

This partly reflects the Brit-ish Foreign Office's sympathy with the Vietnam phobis expressed by both the US and some Asean states. The excep-tion is Thailand which has been working hard to reverse a decade of policy which reviled Vietnam and tolerated tha Khmer Rouge. New links have been established with Hanoi and the Thais are pushing for an international change of policy towards Cambodia, recog-nising Hun Sen as a temporary leader and isolating the Khmer Rouge. The Thais are pressing for a ceasefire, to be monitored by the UN.



11224 Gordon Young from Dumfries has many familiar trappings of the

successful young businessman:

the portable phone, the big 🔔

(damaged or deformed booves are the real test of a farrier's mettle.) Such is Gordon's skill as an entrepreneur, that we couldn't think of a

Every year we give awards to the

most enterprising newcomers.

So impressed were this year's judges



adjacent shooting range. The Peking office of Toyota recently received a letter con-taining a bullet and a message taining a bullet and a message which sources say threatened. "Now the martial law troops are gone, our time has come, go back to Japan. From now on, we will kill you Japanese." Shortly after the Chinese anny was ordered to quell stif-dent-led unrest, letters signed, by the "Blood-Bright Dare To Die Sound" were sent to Japa

by the "Blood-Bright Dare To Die Squad" were sent to Japa-nese firms. These threatened to kill Japanese for their alleged economic invasion. On the eve of a tour of Asia, the Prime Minister, Li Peng, said the incl-dent was being looked at, but denled that it amounted to attempted murder.

metals, textile products and petroleum products. Meanwhile, the machinery orders statistics for September suggest an easing in the high level of private sector capital spending. The rate of capital spending has been contribut-ing to official concers that the economy may be overheating. In the first half of the 1989-90 flocal year, industrial machin-ery orders rose 24.4 per cant to a record. However, orders received by the country's received by the country'a machinery makers during Sep-tember fell 23 per cent from the previous month to a sea-sonally adjusted Y1,723.2bn.

#### Australia to aid tourism

THE Australian Government yasterday announced an A\$30m (£15m) rescue package to help the country's crippled tourism industry recover from the domestic pilots' dispute. Most will go towards promo-ting and advertising the coun-try at home and abroad, Chris Sherwell remorts from Sydner. Sherwell reports from Sydney. The package is a response to loud complaints from national and state tourism commissions and the travel trade. The two domestic airlines are already receiving compensation in the form of waived landing charges to prevent staff lay-offs.

According to an assessment published yesterday by West-pac Bank, Australia's largest commercial bank, reduced foreign and domestic tourism arising from the dispute will impose a total cost on the econ-omy of A\$1.2bn. In 1988-89, tourism was the country's largest foreign exchange earner, bringing in A\$8.2bn. In a separate development Mayne Nickless, the company which controls ipec, the small

air freight group, announced yesterday that its aircraft were again flying, with a reduced complement of pilots.

### S Korea unveils plan to boost investment

By Maggie Ford in Secul

SOUTH KOREA is to cut-interest rates and boost investment spending under a government economic package mveiled yesterday.

The package, which will offer \$1.5m in low cost loans to companies in high technology areas, also contains measures designed to reduce domestic

The central bank yesterday lowered its rediscount rate, the rate at which it lends to commarcial banks, from 8 per cent to 7 per cent, and banks were expected to pass on the reduc-tion. The cost of funds from commercial banks to top borrowers is now about 16 per cent. Deposit rates remain unchanged.

unchang The stock market was unim-pressed with the package, fall-ing 15 points on the day follow-

ing last week's spectacular jump of 35 points when the government announced it was

government announced it was planning the package. Inves-tors were hoping for a larger interest rate cut. Companies have complained all year about the high costs of financing, along with labour disputes and the appreciation of the Korsen was cuttered.

of the Korean won currency. They have demanded that the government depreciate the currency, reduce interest rates and the restrictions on loans. Officials have refused however, noting that companies have invested heavily in speculative property and financial assets, disting an emetal assets. diving up inflation and creat-

ing social discord. The package aims to encour-age investment in high technology, while restricting specu

confident air. And some less

the portable familiar ones: forge, the big forearms, the leather apron. Young Gordon, aged 22, is. a farrier (they shoe horses, don't they.)

His big car is a Nissan Patrol Vehicle, equipped with 39 different sbapes and sizes of borseshoe (a veritable Hooves Who), ready to gallop round to his next customer at a moment's notice (thanks to the portable phone.)'

> While the portable phone is no novelty in Dumfries, Gordon's portable forge (his own invention) is the only one in the south west of Scotland: however awkward the customer, Gordon can trot out the appropriate footwear while they wait.

Such is his skill as a farrier, that around a quarter of Gordon's business comes from local vets.

They recognise him as their leading authority in orthopaedic care for horses better advertisement for Live This is a scheme set up by Shell in

1982.

It's aimed at helping young people launch their own businesses. When Gordon first had the

idea of setting up on bis own, he came to Livewire for advice. With the help of one of their advisors,

Gordon developed a business plan. This in turn helped him get finance: £5,000 from the Prince's Scottish Youth Business Trust, just one of the groups Livewire works with closely.

(At Shell we believe that unearthing

young sntrepreneurs is every bit as good an investment in Britain's future as drilling for oil. Through Livewire, we've helped some I4,000 young people

with advice on everything from the nitty gritty of premises and production to finance and marketing.)

YOU CAN BE SURE OF SHELL

Young sense, that they awarded him the 'most promising start-up business' award, one of the top awards given this year.

If you are aged 16 to 25 with a business idea and the will to make it happen (or if you know someons who fits the bill), fill out and send off the

coupon below.

If the idea is all you think it is, you can be sure we'll help you forge ahead.

Send to: Livewire, 60 Grainger Street, Newcastle-Lipon-Tyne NEI 5JG. Please send me details about Livewice information for 16-25 year olds on starting their owa be 10,55 General information about Livewire 1768 and in milit ion (if appropriate):

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Page Code

#### **OVERSEAS NEWS**

### NAMIBIAN ELECTIONS Opposition wins veto on change

#### By Patti Waldmeir in Windhoek

THE RESULT of Namibia's pre-independence elections, announced last night, could not have been more finely bal-anced. The horse trading between political parties has yet to begin but early signs are that the result could augur well for democracy in an independent Namibia

The South West Africa People's Organisation (Swapo) failed to get the two-thirds majority which it had confi-dently expected — and which would have allowed it to dominate the constituent assembly elected during five days of UNsupervised voting last week. The white-backed parties, including the Democratic Turnhalle Alliance (DTA), gained enough seats to form a

powerful opposition bloc. Taken together, the DTA – which participated in a transi-tional government for Namibia installed by Pretoria in 1985 – and two smaller, white-sup-ported parties, Action Chris-tian National (ACN), the Fed-eral Convention of Namibia (FCN), gained 25 seats in the 72 seat assembly.

This would give them an effective veto over business in the assembly, where a twothirds majority, or 48 seats, is required for approval of Nami-bia's first independence consti-

Mr Dirk Mudge, chairman of

the multi-racial DTA, yester day ruled out a permanent alliance between the three groups, and emphasised that serious ideological differences exist between his party and the ACN, which has close links to South Africa's National Party. But he acknowledged that the DTA, as the largest opposi-tion group, would seek ad hoc alliances with other groups on specific constitutional issues adding that the DTA intended to prevent the majority party - Swapo - from acting at ran-

Mr Mishake Muyongo, Vice-President of the DTA, said the party's main concern was to ensure that the new constiof fundamental human rights, and that it did not include "too

and that it on not include too much socialist rhetoric". But Mr Mudge and the DTA will not be the only ones looking for alliances to further their own constitutional plans for Namibia Indeed, alliances may well

form and reform throughout the constitution-writing process, with just about any of the parties linking up with just about any other on specific

Mr Sam Nujoma's Swapo, for its part, will need to supple-ment its 41 seats with at least seven others in order to gain



pproval for its draft constitu tion. The like-minded United Democratic Front (UDF) can speak for four; and it seems likely that Swapo, as the party most likely to form the next government, could entice or buy enough votes from other parties to reach a 48-seat majority, at least on some

With the offer of Cabinet posts, and the other perks of government, Swapo may even be able to persuade one or two

DTA members to cross over. With huck, this system of shifting alliances should foster mpromise in the assembly, and lead to the adoption of a representative constitution.

However, it remains possible that the existence of a power-ful opposition bloc could provoke constitutional deadlock

Given the pattern of voting in last week's elections, Swapo vould appear to have no mandate for dominance. Outside of the party's tribal base in Ovamboland, the party did not even gain a simple majority of the vote Though Swapo campaigned

on the platform that it alone fought to liberate Namibia from South African rule, the DTA, which collaborated with Pretoria in its illegal adminis-tration of the territory, actu-ally proved more popular than Swapo outside Ovamboland. Allegations that Swapo tor-tured or murdered hundreds of its orm gundered hundreds of

its own supporters during its 28-year guerfilla war against Pretoria may well have con-tributed to this poor showing, as most of the alleged victims were non-Ovambo. And whatever kind of constitution emerges from the newly-elected assembly, the behav-iour of Swapo in exile must raise doubts about its conduct

once it has become Namibia's ruling party.

Indian newspapers write Gandhi out of elections By David Housego in New Deihi WITH only a week left until

india goes to the polls, cover-age of the election campaign in the Indian press increasingly presents a picture of defeat for the Prime Minister, Mr Rajiv

Gandhi. The respected political col-umnist for the conservative daily, the Hindu, began his analysis on Monday of possible post-election scenarios with this assumption: "Suppose the Congress gets around 200 seats in the new Lok Sabha (Parliament). Suppose, against all odds, it is just below or just above the magic figure of 257, the majority mark." Mr K.K. Katyal underlines

his doubts of Congress achiev-ing a majority in the new Assembly by saying that morale amongst the Opposition "remains high and their mood

Rajasthan and Gujerat. They make no attempt to hide their discomfiture over a phenome-

The Congress party'e win-ning of only 200 seats out of 514 heing contested would

seem close to a rout after the 415 seats Mr Gandhi had in the ent Parliament, and its all time low of 154 in the 1977 elec-

The Times of India, in report from its Lucknow correspondent, says Congress faces "an uphill task" in 15 of the 21 constituencies in eastern Uttar Pradesh that surround the Prime Minister's own constituency of Amethi.

A report in the conservative Hindustan Times says that the Government's tacit support for foundation stone ceremonies for a new Hindu shrine at Ayodhya have "boomeranged" - losing its support from Mus-lims while alienating militant Hindus who viewed the action

as opportunistic. In sharp contrast to the cus-tom of most prime ministers or dents when campaigning Mr Gandhi travels without reporters on his plane. Press coverage of his speeches and tour of the hustings is thus

small. The picture that emerges from press coverage tallies with the assessment of the ess community, which is busine

also facing up to the prospect of a Congress deleat. As business has in large part financed Mr Gandhi's cam-paign and been in close touch with his administration, it has were hear the on his good reason to keep tabs on his performance.

### Israeli unions give fillip to Labour

#### By Hugh Carnegy in Jerusalem

organisation, which owns a hig chunk of Israeli industry and

many social and welfare insti-

The Labour win was espe

tations

age Labour's efforts to push Mr Shamir towards Israeli-Fales-tinian talks, adding weight to its so far hollow-sounding A COMFORTABLE election victory by Israel's Labour Party over its aggressive senior Government partner, Likud, in its trade union beartland has given it a somewhat unex-pected resurgence of confi threats to leave the Government if he does not do so. Likud, with 27.5 per cent, pected resurgence of confi-dence after suffering reverses

Likud, with 2/3 per call, registered an advance of 8.5 per cent, but fell well short of its target of depriving Labour of a majority. It failed to win in municipal and general elec-tions over the past year. Labour took 555 per cent of the vote for the leadership of control of any local trade union councils. Mappin, a left-wing party previously allied to the Histadrut trade union federation, one of the original socialist-Zionist pillars of the state. This was a slip from its Labour, won 9 per cens with the rest split between two previous position, but easily enough to leave it in unchal-lenged control of the powerful

other left wing groups. Mr Shimon Peres, the Labour leader and Finance Minister, was delighted. "We have shattened the myth that the people were moving to the right. There is no reason why Labour cannot go back to its old strength," he said.

cially disappointing for Mr Yit-zhak Shamir, the Likud Prime. Minister, who had hoped for a old strength," he said. This may be an overstate-ment. Likud ministers pointed out that they had increased their share of the vote while Labour's had fallen. The result powerful swing to his party to reinforce his position as he vis-its President George Bush in Washington today. He is under pressure from the US to soften gave little sign of a shift in the political balance sourcient to break the national stalemate between the parties which has his stubborn refusal to ease Israeli conditions for peace left them in uneasy and indeci-sive coalition for five years.

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The result will also encour-

talks with the Palestinians.

### Death of Israeli soldier heightens Gaza tension

#### By Hugh Carnegy in Jerusalem

THE death of an Israeli soldier in a rare armed attack has heightened tension in the occupied West Bank and Gaza Strip as Israeli forces prepared to clamp down hard on demonstrations planned today to mark the first anniversary of the declaration of a Palestinian state in the territories.

The Israeli corporal, killed in an ambush on an army jeep in Gaza City on Monday in which another soldier was sectously. wounded, was the 48rd Jew wounded, was hie uprising, or intifada, which began two years ago next month. More than 570 Palestinians have been killed by Israelis and 140 by fellow Arabs in attacks on

ians were planning armed attacks this week. The underground uprising leadership has called for demonstrations, for displays of Palestine Liberation Organisation flags and emblems and for shops to be open all day to mark the anniversary. Pales tinian shops have closed at noon since the uprising began. The Israeli authorities have responded by shutting schools, sending troop reinforcements and threatening tough action against demonstrators who basek the law.

alleged collaborators. Mr. Yit-zhak Rabin, the Israeli Defence Minister, said the authorities

had information that Palestin-

### Burma has sentenced 100 to death, Amnesty says

AMNESTY INTERNATIONAL Aninesty said it had not said on Wednesday that Burna been allowed to visit Burna said on Wednesday that Burns Deep, allowed to visit Burns (Myanmar) could be holding at and could not estimate the true ood politic and that more than 100 detain, ces had been sentenced to death since martial law was imposed in July, Reuter reports from London. The London-based human rights group said long prison-terms had been handed down terms had been handed down to "prisoners of conscience detained solely for the exercise of the rights to hold opinions and express them without the use or advocacy of violence." Burma's military seized power in September 1988 to crush a national uprising call-ing for democracy. Annesty said thousands were killed in the protests.

per of political arrests b had managed to compile infor-mation on 107 prisoners of conscience. .The organisation said more than 100 people had been sen-tenced to death since July, tenced to death since July, many by special military tribu-nals which did not conform to international standards of fair trial. It urged the anthorities to commute the sentences. "In one case, Zaw Gyl, a National League for Democ-racy member, and two other people were sentenced to death in July after a trial which took place inside prison and lasted only one morning," Amnesty said. said. It urged Rangoon to review all cases of political prisoners arrested in the last year and release those held on account of "non-violent political activi-ties or beliefs."

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He contrasts this with the disappointment in the Congress camp that Mr Gendhi has been unable to inject momentum into the campaign. "Con-gress managers are shocked," he writes, "by the poor turnout at his meetings in Orissa. Bihar, western Uttar Pradesh

non they had imagined the

in major industrial and commercial companies can fit their computer system to their businesses, rather than squeezing computing. A commonsense their business around their computers.

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> the protests. In a report entitled "Burma: Prisoners of Conscience", Annesty said some sources, whom it did not name, believed more than 3,000 people had been detained since July.

famine fears

#### **Colombo claims** third JVP death

DROUGHT-INDUCED crop failure in Ethiopia's two rebei-lious northern provinces will be worse this season than the 1984-85 famine that killed a million people, according to the UN Children's Fund, AP reports.

reports. An internal document from UNICEF says up to 2m Ethiopi-ans could be affected by the drought as famine conditions develop in 1990. In 1964-85, up to a million people starved to death in the northern provinces of Tigre and Eritres, in 1987-88, a mas-sive international relief opera-tion prevented a similar trag-edy during another crop failure. "The first signs of famine

"The first signs of famine have already been reported", the report says.

### Arafat to visit Rome

PALESTINE Liberation Organisation (PLO) chairman Yasser Arafat is expected to make an official visit to Raly in December, the PLO repre-sentative in Rome told Reuters on Tuesday.

with the Italian government is after (Soviet President Mikhail) Gorbachey's visit to Italy and before the end of the year," Nemer Hammad told Beuters.

and Italian leaders in Rome in December 1988.

### Fresh Ethiopian

third JVP death SRI LANKAN government troops captured and killed Mr Upatissa Gamanayake, the second-in-command of the Peo-ple's Liberation Front (JVP), on Monday night when he tried to escape from custody, Mr Ranjan Wijeratne, the Foreign Minister said yesterday, Onr Foreign Staff reports. Mr Gamanayake'e reported killing came less than 24 hours after Colombo said that the top JVP leader, Mr Rohana Wijew-eera, and his third-in-command had been killed in a shoobort. The official version of Mr Wijeweera's death has been seriously questioned on the island and President Rana-singhe Premadasa has ordered an inquiry. The same doubts are likely to be raised over the death of Mr Gamanayake.

### Pakistan contract

#### By Andrew Hill

"The date being discussed Gorbachev will be in Italy

from November 29 to December Arafat met Pope John Paul

The UK's North West Water, one of the 10 companies to be sold by the UK Government next week, has won a contract, to help the Lahore Water and Sanitation Agency in Pakistan improve its water and sawage

The five-year programme of work will be planned and, if accepted, carried out by North West's new overseas contracting subsidiary. About 20 North West staff

About 21 North West some would be employed on the proj-ect to develop Labore's water supply, sewage treatment and other services, helped by the World Bankt

### Gatt partners show Brazil, US concern over US bilateralist stance

#### By Robert Thomson in Hakone, Japan

vice-president of the European Commission, said there The US, EC, Japan and Canada yesterday concluded a series of talks on the General Agree-ment on Tariffs and Trade ing market access agreements.
 ing the formal talks that the is reported to have said during the formal talks that the S EC would positively assess the Japan-US Structural Impediments Initiative (SII) if the la results are not limited to the bilateral relationship.
 The US showed a determine. (Gatt) with expressions of confidence, but serious concerns remained about unexpected ES support for bilateral agreements to win market access.

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Mrs Carla Hills, US Trade Representative, said that the four parties to the conference, which preceded an expanded trade ministers meeting today, now had "greater resolve" to reach agreement in the coming year - the last year of the Uruguay Round of Gatt negoti-ctions

But other representatives at the talks were concerned by the US emphasis on negotia-ting bilateral market access agreements in what is called a "request/offer" form instead of accepting a multilateral for-multi accepting to satisfuments mula approach to settlements. The US was also insistent that the market access issue is crucial to the success of the Uru-

guay Round. flow of non-drug exports and Mr Frans Andriessen, reduce the flow of drugs.

By Robert Thomson

### to resume steel quota talks soon By Ivo Dawnay in Rio de

BRAZIL and the United States are expected to resume talks later this month after they had failed last week to conclude an "should be a formula" in devisagreement on steel quotas. This occurred despite four days of negotiations in Brasilia. The continuing

disagreements between the two countries are holding up the conclusion of a new round of Voluntary Restraint Agreements (VRAs) with exporters of steel to the US.

Negotiators on both sides believe, however, that they are now not far from a concluding She defended the SII talks, scheduled to produce a reform

report by next summer, and argued that the talks were The ontstanding issues designed to remove obstacles responsible for a trade imbal-ance that "has an impact on the whole trading system". Mrs Hills asked that indus-trialised countries offer techni-cal sestimation and mathematical

The ontstanding issues centre on the size of quotas for Brazil's exports of steel tubes to the US and the terms under which it puts restrictions on subsidies for exports. It is understood that US Trade and Commerce Department negotiators have agreed in principle to raise the Brazilian quota from 1.55m tonnes, or 1.3 per cent of US imports, to 1.8 per cent imports, to 1.8 per cent. Brazil has been seeking, however, to have its exports of tubes to the US raised to

140,000 tonnes. This is unacceptably high to the Americans who had offered only 83,000 tonnes. This was a reduction of some 10 per cent on the former quota which had expired in September.

September. They are also seeking agreements from Brazil on the overall reduction of tax incentives to steel export. These had been introduced as part of President George Bush's efforts to establish free world trade in steel products. The US delegation has now returned to Washington for further talks with the domestic industry and consultations with Mirs Carla Hills, the US Trade Representative.

Representative. Mr Paulo Tarso de Flecha Lima, secretary-general of the Brazilian Foreign Ministry, has declared that the talks

#### WORLD TRADE NEWS

### **New Caribbean fears for EC links**

#### By Canute James in Kingston

CARIBBEAN countries, already apprehensive about the future of their exports to the European Community after 1992, are increasingly con-cerned that they will suffer economically from political changes taking place in east-ern Europe.

A recent conference in Bar-bados, organised by the West India Committee to discuss the impact of the single European market on the region, was told by Caribbean officials that the islands' already tenuous hold on its European markets is threatened by the changes.

They concluded that the Caribbean in particular, and the African, Caribbean and Pacific (ACP) group in general, would become more marginal to Europe, and that aid flows and investments funds would be diversified from the version to be diverted from the region to countries and regions consid-

ered geopolitically more impor-tant to post-1992 Europe. "Europe is looking at its bor-ders and its immediate neighing admission to the group of the Dominican Republic and Haiti, arguing that this would triple the population of its bours," said Mr Erskine Sandi-Caribbean part. ford, prime minister of Barbados. Unless there was a commen-

surate increase in financial assistance from the EC, some "There is talk of a Marshall Plan for Eastern Europe. There suggested, the Caribbean is a frantic search for means to deal with Polish debt and assisld be worse off.

"Europe is not interested in the Caribbean," argued Mr John Cheltenham, spokesman on trade for the opposition Bartance to the Hungarian economy. "In some areas, the Mediter-ranean countries have been given more preferential terms

bados Labour Party. "The Caribbean is a marof trade than ACP countries." In addition to continuing concern about the future of ginal region. The EC is now taken up with the outbreak of freedom in Eastern Europe. Spain and Portugal are pushexports to Europe such as sugar, bananas and rum, busiing Central American and ness leaders and government officials suggested that the Latin American interests and the Iberian Peninsula is Caribbean would be worse off with the expansion of the ACP attracting investments which would normally have gone to the ACP states."

group. They referred to the impend-Mr Sandiford argued that the

### Finns doubtful on developing Kola Peninsula

By Enrique Teesleri in Helsinki

SOVIET economic difficulties and the political effects of and the pointral effects or perestroika have led Finnish industrial officials to express reservations over the possibili-ties of developing the Kola Peninsula's economic potential over the next decade and heread

beyond. These reservations are based. – within the context of estab-lishing joint ventures with the Soviet Union – on organisa-tional concarns and the ability of Moscow to provide its side of the investment required. This caution became more

pronounced whan President Mikhail Gorbachev paid an official three-day visit to Finland last month. Although a protocol of intent was signed between both coun-tries to develop the Kola Penin-sula in the areas of mining, offshore exploration, environ-

co-operation and management training, the accord fell short of anything concrete in size-able joint ventures.

Nothing concrete can be signed between both countries because the Soviet Union has because the Soviet Union has yet to appoint the appropriate officials who would make the decisions," said Mr Leif Fager-niss, a Foreign Ministry official. He was implying that this was not to be ambitions, but was being realistic. "But an important step was taken." he added. "At least, now there is an accord that

now there is an accord that binds both countries."

By far the most ambitious plan of the so-called Kola projplan of the so-called Aola proj-ect is tapping the enormous Soviet gas fields in the Barents Sea. NorskHydro of Norway, the American Conoco and three other Finnish groups -

mental protection, scientific Neste, Imatran Voima (IVO) mine would supply nickel to the PNC mill. and Wartsilä - have signed a letter of intent with the Soviet The annual capacity of the Zapoljarny mill would be 6m-7m tonnes of ore a year. Petroleum and Gas Ministry to begin a feasibility study next spring ou how to tap these Outokumpn is also involved in huilding and modernising the Apatite Mill in Apatite

Neste officials believe that for these Barents Sea gas fields to he feasible, there would have to be a regional demand in Sweden, Finland, the Kola Peninsula and Leningrad of

10bn cubic metres a year. Outokumpu, the state-owned base metals group, has com-mitted itself to developing the region's mining industry. It has signed a letter of plans to design and build a sec-ond unit there. The first con-contration unit has raised phosphorus production by up to 30 per cent.

intent to carry out a feasibility The Finnish-Soviet Kola accords require the Soviet Union to lower annual sulphur emission levels by half by 1995. study, with an option to form a joint venture with the Soviet company Petzenka Nickel Combinate (PNC) in Zapol-jarny, west of Murmansk. If the project materialises, a Finland has also pledged to lower sulphur emissions in its industrial south.

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problem for the Caribbean was not 1992, but what he claimed was the EC's lack of commit-ment to liberalise the rules of origin in the Lomé Convention and to treat "seriously" the problem of ACP debt, espe-cially ACP debt to the EC states.

A need also existed for European assistance in halting the flow of capital from ACP countries to the EC.

"The problem is that the inequities of the ACP/EC trade, now written in ink, will be recast in concrete in 1992, unless the Lome Convention in dramatically improved," Mr Sandiford contended.

"The Community economies have grown throughout the 1980s while ACP economies have faltered. "There is no good evidence that ACP exports will do better

in 1993."

City, south of Murmansk.

Swedes dash Norwegian gas hopes

9

NORWAY'S hope for a gas contract this year to supply Sweden with up to 2.5 bn cubic metres annually have been dashed by Swedish political wrangling over a plan to dis-mantle nuclear facilities.

The estimated value of a potential contract with Sweden could have been up to NKr52bn (£4.4bn) over 26 years, Karen Fossii writes from Oslo.

In March, Mr Arne Oeisn and Mrs Birgitta Dahl, energy ministers of Norway and Sweden respectively, pledged to sign by July an agreement in principle calling for Norway to supply Sweden initially with 1bu cu m of natural gas annu-ally from 1992 or 1993, increasing to 2.5bn a year by the year 2000. But Sweden is seeking energy supplies from other sources

Total market for Swedish gas is estimated at 5.5bn cu m a year. Of this, Denmark supplies 1.1bn cu m, and 1.5bn cu m would be covered by equivalent nuclear power. Norway hopes to supply the remaining 2.9hu cu m, though this could be hit by Soviet supplies. Den-mark'e limited supply to Sweden is through a pipeline, which could be used while a Norwegian pipeline is built. GFU (Gassforhandlingsut-

The Finnish base metale group has completed a three-year project to build the mill's concentration unit, and has valg), comprising Statoil, Norsk Hydro and Saga Petro-leum of Norway, has agreed most of the basic elements with Swedish gas buyers for a 26-year deal from October 1995. But the Swedes recently

But the Swedes recently demanded security of supply, celling for Norwegian gas fields to be the supply source. Norwegian politicians hoped the supply would be from gas fields of mid-Norway, to help that region benefit, but the Swedes say the supply must come from the North Sea.

THE VOICE OF SOUTH AFRICAN BUSINESS SA moving into a new era of fast change and reform

John Maree, Chairman of the Electricity Council talks to John Spira, Finance Editor of the Johannesburg Sunday Star.

Spira: Esham is one of the world's largest electricity utilities — wassaal, considering South Africa's remote geographical location and its relatively small population. How do you account for this phenomenes?

Maree: Although South Africa comprises only 4 percent of Marree: Annough Soum Arrica completes only 4 percent of Africa's surface area, Eskom's production represents 60 percent of the electricity used on the entire African continent, Electricity supply in South Africa is more than 100 years old. In fact, South Africa was one of the first countries in

the world to use electricity on a commercial basis. South Africa is sparsely populated by European stan

#### the skills shortage?

Maree: I don't believe that turning out hundreds of thous of people with minimum levels of education in academic subjects will achieve much unless it has an application to subjects win achieve natch times it takes in appreciation at the world of business. It simply creates frontrations. We need to educate more people — black and white — with e mathematical/scientific/technical background. These are the qualifications which business is looking for. The world of ducation should be talking more to the world of business. Spirs: In the past, Kakom has been a big borrower in the



John Marce

of supplying electricity to those South Africans who do not have electricity. It's a difficult task, because it has to be done visibly and in such a way that it is affordable to the consumer.

at 'agricultural summit' diplomats come up with a sen-sible agenda for agriculture." Delegates included Mr Jos-peh Yverneau, president of the Committee of Professional Agricultural Organisations in the European Community. Mr JAPANESE farmers billed it as an "agricultural summit, the first event of its kind ever held," but an international

The US showed a determina-tion to pursue Gatt disciplines

for services, which Mrs Hills

estimated were worth \$500bn (£312bn), yet "there are no dis-

cal assistance and preferential tariff cystems to drug-export-ing countries, to increase the

ciplines

symposium ou agricultural trade in Tokyo yesterday did not quite present the united protectionist front the farmers would like. Jean Savary, president of the Swiss Farmers' Union, and Mr Leland Swenson, president of the US National Farmers Union (NFU), co-sponsor of the Representativee of the

**Rise in trade 'points to** 

CONFERENCE

WORLD SHIPPING

face a major strategic threat to

and were likely to begin plac-

ing long-term time charters again to protect their own sup-

This would mean a return to

a two-tier market in which time-charter income would pay

for the replacement of the age

ing world fleet, while older ton-

nage would operate on the spot market on a supply-and-de-

mand basis. Dr Rainer Vogel, deputy director of the shipping divi-sion of the United nations Con-

ference on Trade and Develop-

ment (Unctad), said the vast

majority of developing coun-tries did not participate in

shipping, even in their own

home trades. Unctad would

continue to press for structural changes in the industry to

e their participation

nage throughout the industry,

and could not be blamed for

ight occur.

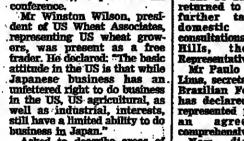
the future of their busine

better shipping outlook'

Japanese face opposition

Representatives of the Cairns Group of farm produc-ers, who want freer trade, were not invited; because "we did not want to engage in argu-ment," Mr Teruka Ishikura, managing director of Japan's Central Union of Agricultural Corganizing said Co-operatives, said. But there was argument. Representatives of BC farmers'

groups at a press conference were co incensed by the answers of a US delegate that they began to ask questions



has declared that the talks represented progress towards an agreement along comprehensive lines. New discussions are expected, and will probably be held in Washington, on November 20. tney began to ask questions themselves. The conference was entitled "The Gatt Agricultural Negoti-ations - A Time to Ponder Their Consequence." Japan'e Central Union of Agricultural cooperatives had warned that "family farmers could become an agreement along business in Japan." Asked to describe areas of there had not been much, but "there has been a free expres-sion." But the parties were agreed in their opposition to "family farmers could become an endangered species inless" Distincts. The conference was entitled "there has been a free expres-sion." But the parties were agreed in their opposition to "family farmers could become an endangered species inless" markets.

#### By Kevin Brown, Transport Correspondent

INCREASING world trade and Chase Manhattan Bank, said rising oil consumption indicate that the outlook for shipping is . improving, Mr Hans-Jakob Kruse, chairman of Hapag-Lloyd, told a Financial Times conference on the prospects for the world shipping industry in . Amsterdam yesterday. "We seem to have an unfor-

disappearance of the long-term charter market and over-relitunate historical reputation for perennial whining which leaves the public and our cusance on the over-supplied spot market. Major shippers were now realising that they could tomers unimpressed. But all of this is in the past – the future and our prospects look so very different and encouraging.

There is light at the end of a long tunnel," Mr Kruse said. Mr James Davis, group vice president of the Atlantic ivision of See Land Service, of the US, said the industry faced division of Sea-Land Service, of a number of serious problems, including unstable freight rates, over-capacity and costly overheads which meant companies could not make a respect-

able return on capital. Mr Davis said chipowners had contributed to this state of affairs by allowing shippers to benefit from the service improvements they had pro-vided. It was time for shipowners to use the strength of the conference system to raise rates by withdrawing capacity from the market, especially in

the Atlantic. Mr Davis also called for changes in the US subsidy regime for shipping to allow subsidised carriers to order tonnage over

Dr Jurgen Brdmenger, director of the European Commission's transport directorate. said the problem facing the Community was to how to nec-oncile a free market in ship-ping with the defence of Europe's remaining shipping capacity and the demands for market share of developing countries.

A large majority of memberstates supported proposals for a Community register and flag, together with fiscal measures, crewing regulations, mutual recognition of qualifications and other measures put for-ward by the Commission ear-

lier this year. However, the complex nature of the package had not yet been fully understood; and the Commission was working to persuade shipowners and governments of the benefits it would offer.

would be the fault of the Dr Martin Stopford, semior uncontrolled and unco-ordishipping economist with the ' nated actions of shipowners ' interests of shipowners.

and financiers in the developed. countries. Mr Paul Slater, chairman of the root of the industry's prob-lems over the past decade

could be found in the innova-tive financing packages offered in the 1960s and early 1970s which had eventually led the First International Group, said the fleet replacement programme in the 1990s would cost more than \$20bn (£12.5bn) a year. The renewal of the fleet could best be achieved through banks and shipowners to order too much speculative tonnage. This had caused the virtual the establishment of financial shipowners or leasing companies which would establish themselves in the major capital markets.

Securitised debt, long-term bonds and shorter-term floating rate notes, combined with a strong equity base, would enable ships to be offered on attractive medium and long-term leases to end-neers, while the actual operations could be conducted by professional ship managers.

Mr Peter Stokes, managing director of Maritime Consul-tants, said the belief that the way to make big money in shipping was through buying and selling ships, rather than operating them, had led to a pronounced de-coupling of trends in the freight and sale and purchase markets.

Stock market trends in Scan dinavia and New York also indicated that investors looked at the purchase of shares as a surrogate for investing in ships, rather than shipping

If the industry could demon-strate that capital invested in ships could produce an earnings yield and total return on a continuing basis comparable with or better than other mature industries, it could attract an influx of capital for

tormage replacement. Failing that, the interest in shipping which had been aroused in the broader invest ment community by rapid creases in asset values would

Mr Jeremy Smith, general secretary of the Liberian Shipowners' Council, said the world was beginning to demand more vigilance over seehorne trade.

decade would be on flag states to enforce safety and pollution, control, but there was a danger of an irresponsible rush for business by a plethora of regis-

This would eventually les to a clampdown on the free enterprise nature of the industry, and would not be in the Of its 33,5 million people, nearly half live in mban areas, which are simulated far apart from one another. These are features which present unique problems for electricity supply. Eskom has therefore had to develop one of the largest a most sophisticated distribution networks in the world, with electricity being supplied throughout South Africa, as well as to neighbouring countries such as Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe.

Estom employs 57 000 people and operates 27 power stations with an installed capacity of 33 176MW. The distribution system has more than 700 000 Km of high-voltage ower lines.

Spira: As head of one of South Abrica's largest busin entities, the country's political-com-economic outlook is obviously central to your thinking and plauning. How do you see South Africa evolving over the next few years?

Marce: South Africa is moving into a new cra of first change and reform. The country docurt have an economic problem; in fact our foreign debt position is one of the lowest in the world — it has a political problem. I believe that our main economic stumbling block is the fact that (through no choice of our own) we are an exporter of capital — e handlesp occasioned by negative foreign perceptions of our political situation and not by the fact that we are economically suspect. Three courses of action are needed to remedy the proble

Firstly, we need to be talking to our own people. Secondly, we must create a broader democracy and thirdly, we have

to talk to our neighbours. It's most encouraging that President P W de Klerk is moving determinedly in all these directions. He's committed himself unreservedly to reform and herein, I feel, lies an statemely positive outlook for South Africa. Clearly, he won't move as fast as the more liberal minded would like him to go, but I'm confident the process will continue steadily and

uninterruptedly. Given such a background, we can soon expect to get back to a reasonably rapid economic growth situation. South Africa can't grow fist as long as it is a net exporter of capital. We need foreign capital, foreign investment and foreign skills. Spira: You've mentioned skills. Shouldn't South Africa be doing more to develop its own reservoir of manpower?

the month above to acceled as own reservoir or manifester? Mareet This is one of our biggest economic limitations. By the end of the century, whites will comprise only 11 percent of South Africa's total population. Accordingly, we have to do something to elevate people of colour into management positions. South Africa's black people have made great strides forward in business and are competing on equal terms at operating shop floor level. But with only a few exceptions, they because the management lead

ey haven't progressed to management level. I believe that part of the problem is that we've been trying to force blacks into a western management syle mould. It's an environment that is often too hanh for them. I believe we should create situations in business which are more athetic to them. Better communication and mentorship would help e great deal. I'm convinced it can be done.

Suiza: What is Eskon doing in this regard?

Marce: As part of our performance management prog we are creating a situation where the supervisor is talking to people who report to him on a regular basis about work performance, meeting of targets, personal aspirations and the like, it all boils down to a question of effective communication and at Eakon it's going quite well. What is encountging is that in many South African

gaminations people of different backgrounds, columns and aganges are working together for the achievement of shared shaes, and objectives. If we can do it in business, it can be done in all spheres of our national life.

Spirse The South African government has been spending increasing sums on black education. Will this help tolve

world's capital markets. With growing sanctions, that activity has ceased. Do you curisage any possibility of Sonth Africa in general and Eskom in particular being once more in a position to have access to foreign loans?

Maree: South Africa can get back into the commo of nations if we start doing the rights things politically. We don't have to have achieved them; we just need to be on that road. The impression that I've gleaned from talking to foreign investors and bankers is that the issue of foreign loans can change — and it can change very quickly. We've already seen the first signs. Small sums are being made available again through the banking finiternity.

But in all this, one must appreciate that there's a lot of political pressure can be lifted is for South Africa to progress politically. South Africa will achieve such political progress in the years ahead, so I am confident that foreign loans will once again be forthcoming. Foreigners who know South Africa and have done business

with South Africa have very positive views on the country. South Africa has always been a good market for them and

Sound Armen has always been a good marrier as ment and they'd like to see normality restored to that relationship. As far as Eskom is concerned, we've some very exciting plans concerning the electrification of the Third World element of our people. Projects like this, as long as they are viable, can certainly attract foreign capital. Because of the steps Eskom has taken, the money it will need in the foreseeable future — R3,5 billion a year — could be mised domestically. But in the late 190's and carly in the next century we'll be his borrowners again because by

the next century, we'll be big borrowers again because by then our surplus capacity will have been absorbed. It's then that the ability to borrow overseas will become important. Spira: The South African economy has been weakened in recent years partly by boycotis and sanctions, but also, many believe, by the government's poor economic policies. Won't this deter foreign investors and lenders?

Marce: For many years, South Africa's economy has been strong, so strong that it could withstand internationally unpopular action by the politicians. The linkage between unpopular action by the politicans. Inc many occurrence politics and the economy has not always been fully understood. Today that linkage is clearly understood.

South Africa has tended to have a government sector that Sourn Arnea ans lended to have a government sector that has been too large. Encouraging is that the government, under the influence of what has happened in the rest of the world — but especially in Britain — has come to realise that a reduced government participation will be beneficial to the economy. So the privatisation and deregulation that has been a recent feature in South Africa will continue. Government's role in the economy can and will reduce.

#### Spira: How are Eskour's privatisation plans proceeding?

Marces: We're still investigating the whole question of privatising Eakorn. One of the difficulties we have --- as in Britain --- is that there is no competitive situation and it is this that will change in the foreseeable future. The Electricity Council has not yet made a recommendation so it is unlikely that Electricity has an interfaced a foreseeable future. that Eskom will be privatised before 1993.

Spira: What is Eskon's attitude towards social bility?

Marce: In general terms, Eskou has an immen responsibility vis à vis the South African economy in that we have to do our job well. If we do our job badly, it would impact negatively on a great many compar-internationally. ries that compete

Another major responsibility is to develop people, identifying their potential and guiding them in such a way that they ultimately are able to supply Eskon with the skills TT TEO

In addition to doing a lot for nature and environmental conservation, we are actively devising models with the object

I feel strongly that a man without electricity cannot participate in the economy. We know that our future economic growth is going to be in the informal sector and in job creation. Such a policy could thus create a new flywheel for future growth.

Certain such projects are well advanced. The major challenges are the appropriate new technology required and

a convenient system of payment for usage. Spira: Estom has achieved a high level of cooperation with South Africa's neighbouring states. Is this Southern Africae electricity grid still expanding?

Marce: Eshom in general and Ian McRae in particular has done a lot of work - and is continuing to do a lot of work in establishing links with South Africa's neighbours, largely because we believe that electrification is an essential part of the development of the Southern African region. South Africa has the technical know-how to help its neighbours develop. Unfortunately, however, there have been many political

problems that have hampered this process. For this reason, it's exciting for us that during the past couple of months South. Africa's relations with countries to the north have improved dramatically. Eskom supports this initiative and its role in the sub-continent will be thereby facilitated.

Spira: Can South Africa's high inflation rate be reduced to single-digit levels?

Maree: The major problem is that South Africans have become conditioned to inflation, acting as though inflation will inevitably continue at its present rate of momentum. Until we can decisively prove that high inflation will not continue, we won't achieve much. The new Governor of the Reserve Bank has stated he will

take a tongh line on inflation. But he's going to need a great deal of support. It's a complex problem requiring many buttons to be pushed in the right sequence.

activity is paramount and we at Eskom are doing our bit in this area by demonstraing that a big organisation can become more efficient pretty quickly. In addition to being a role model, Eskom is also contributing to solving the problem by producing low cost power. For example, when South Africa, exports aluminium, it is, in effect, largely

exporting electricity. I believe that the conditions for getting inflation down and the will to achieve this end are present. So I'm optimistic. Bear in mind that an important present, so I in optimisure Bear in mind that an important prerequisite for reducing inflation is political; since improved foreign political perceptions of South Africa will undergin the currency an alleviste the pressures inherent in imported inflation. ite for reducing ncy and

Spira: South Africa is facing the prospect of substantial foreign debt repayments in the next couple of years. Will it cope?

Maree: In spite of the low gold price of the past few years, we've been able to meet all our foreign debt commitments. This has to reflect positively on our ability to continue doing so. Additionally, exports have performed extremely well in the face of sanctions. Such an achievement should not be

And if, as will no doubt be the case, our political position proves we will undoubtedly be able to reschedule at least portion of our foreign debt.

So, via a combination of balance of payments surpluses and renegotiation against a better political background, we can handle that situation.



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ickly evaporate

There was a particular need for specific programmes of assistance in the shipping field from the international community. The demand from Third World countries to have their

own fisets would grow. However, this demand would The focus over the next be marginal to the overall increase in demand for tonrenewed over-capacity which

If supply and demand once again moved out of balance, it

#### **UK NEWS**

### Court backs action by Arab Fund

#### By Raymond Hughes, Law Courts Correspondent

THE High Court yesterday International. The allegations refused to strike out an action in which the Arah Monetary Fund alleges that \$50m (£31.6m) was stolen from it and a substantial part laundered through numbered Swiss bank accounts.

10

The Fund alleges that the money was stolen by its former director-general, Dr Jawad Mahmoud Hashim, who lives in England, and that First National Bank of Chicago and three of its subsidiaries negli-gently enabled the laundering

to take place. The subsidiaries are First National Bank of Chicago (CI). First Chicago Trust Company (Cayman) and First Chicago

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Instinet

By Alan Cane

that the main thrust of the Fund's claim against First are denied. National Bank of Chicago was Mr Justice Hoffmann that officials of the hank's rejected an argument that the Fund did not exist in English Geneva hranch must have known that huge sums of money being paid into the perlaw and therefore could not sue in England. He also

sonal accounts of Dr Hashim refused to rule that it would be and his wife came from the more appropriate for the case to be tried in Switzerland. Fund, which, with other suspicious circumstances, put the The banks and Dr Hashim are likely to appeal. The Arab Monetary Fund is bank on notice that the money was stolen.

The hank was therefore an international hanking alleged to have acted wrong-fully in allowing the money to organisation with headquarters in Abu Dhabi. It was set be paid out on Dr Hashim's up in 1976, under an agreement instructions and in assisting him to deal with the money to which 20 Arab states and the Palestine Liberation Organafter it left Geneva. It was alleged that Dr isation were parties. Mr Justice Hoffmann said

Hashim had been given invest-ment advice by officials of the hank's Guernsey subsidiary; that the Cayman subsidiary acted as a trustee; and that there had been general super-vision of Dr Hashim's investment interests from both Chi-

The judge said that if the Fund's action was only against the banks, Switzerland would the appropriate forum for the trial. However, the action was principally against Dr Hashim, members of his family, one of his former associates - all of whom were resi-dent in England - and various companies alleged to be their creatures."

#### **Rivals plan** joint study on burning of coal By Maurice Samuelson

BRITISH Coal and Shell Coal International, two of the world's higgest coal producers, have joined forces to study methods for burning coal with less damage to the environment

The joint study, expected to last about three months, is being carried out in spite of the companies' keen commercial rivalry. Shell, a leading coai producer and international trader, hopes the privatisation of the British electricity gener-ating companies will give it increased business in British Coal's home market.

Both companies are eager to strengthen coal's place as the world's leading fuel for elec-tricity generation in the face of competition from natural gas and growing concern about the link hetween the hurning of coal and the over-heating of the world's atmosphere. They will concentrate on comparing the economics of two rival power station technologies.

ing route to clean, economic electricity generation and is huilding a 250 MW demonstration power station in the

### Arms race may be giving way to a savings race

OR UK arms manufac-turers the news from Berlin and the from Berlin and the East-West German border has echoes of the Pied Piper story. Like the burghers of Hamelin after the ratcatcher's visit, they have cause for concern about their next generation.

The pace at which confrontation on Nato's central front is being spirited away raises doubts about several largescale arms projects that have been awaiting decisions by the British Government - notably on tanks, comhat helicopters and anti-armour weapons.

The uncertain outlook in many areas of the defence industry was reflected last week with the announcement of 400 job cuts at Ferranti Defence Systems in Edinburgh. The company said growth prospects were "not good in the short-to-medium term." While military establish-

ments have an in-huilt reluc-tance to change carefully-laid plans, the widespread percepplans, the widespread percep-tion of a disappearing threat already sppears to be giving the Treasury more power in its questioning of defence spend-ing needs. Spending plans are heavily weighted towards the scenario of a central front war - the Ministry of Defence has been criticised in the past for "central front myopia". The armed forces argue that

the Soviet Union still has 17 tank and mechanised divisions massed in West Germany, and that the UK is treaty-bound to keep its Rhine Army defending its stretch of the border. However, the Conventional Forces in Europe (CFE) negotiations, which are in full swing in Vienna, promise drastic reduc-tions on the Soviet side and smaller cuts by Nato.

These cuts will have a direct, if limited, impact on British equipment. But an initial CFE agreement may lead to a sec-ond stage of deeper reductions. The Treasury is not only insisting that Britain should take its full share of these, but is also looking for savings in weapons that, might no longar be judged necessary.

The London-based Interna-tional Institute for Strategic Studies says unllateral Soviet reductions under way, includ-ing two tank divisions that have left East Germany and two more due to leave next year, remove the threat of a surprise attack.

Military planners through-out Nato, conscious of the long

THE

sion is awaited - possibly lead-times needed in modern armament ventures, are wor-ried that the East-West arms race will give way to a Western savings race.

The first sign of Government reservations about new arms for forces in Germany is a hold-up in funding for pre-development work on two rival anti-tank weapon projects for the RAF. The Ministry of Defence is committed to giving the RAF a weapon system so that the latest Harriers being deployed in West Germany could he used to hit "follow-on" forces in the event of a

#### **David White**

reports on the implications of peace for Britain's defence spending

Soviet strack. But the Treasury has expressed doubts about the need for another anti-armour project, arguing that other systems, may be adequate. The RAF sees this lack of a

dedicated stand-off weapon capable of dealing with modern Soviet tanks as so serious it is reluctant to talk about it.

Tanks will be more directly affected by the arms control process. The UK, after unsatisfactory experience with its last two tanks, has given itself a deadline of next antumn to decide on a new one and on how many more it needs. Vickers, the country's only tank maker, won a £90m develop-ment contract last year to huild prototypes of a Chal-lenger 2 model. The moment of truth comes at the end of next September. But even if the Vickers tank meets all its "milestones" it will be no guar-

antee of winning the hoped for £1bn order. If the Army replaced its ageing Chieftains one-for-one, it would need 600. But the requirement is likely to he lower. The lower it is, the more argument there would be in favour of a collaborative venture, to share costs. A version of the West German Krauss-Maffel Leopard 2, originally considered an ontsider in a UK-US contest, is emerging as a serious contender. Another Government deci-

sion is awaited - possibly early next year - on an Army atteck helicopter. Britain is involved in the initial phases of a four-nation project based on an Italian helicopter, the Agusta A129. Army officers have argued strongly that this should be dropped for the more heavyweight US attack helicop-ter, the McDonnell-Douglas AH-61 Apache. This could be produced hy Westland, although it would mean the although it would mean the UK company accepting a lower profile in the design of this kind of helicopier. Doubts must also now increase about the 222n Euro31.11

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increase about the Ezch Euro-pean Fighter Aircraft, already under development by British Aerospace and partners in West Germany, Italy and Spain. For the UK, the aircraft is conceived in the context of a is conceived in the context of a central European war. The UK's sttempts to persuade West Germany to accept a Fer-ranti-designed radar for the aircraft rests largely on the The radar argument, which

has already passed several deadlines for a solution, means more time has to be regained to keep the project on sched-ule. Bonn officials warn that any rise in costs could lead the tough Bundestag budget and defence committees to scupper the project.

The British McD is hoping that, whatever the outcome of the West German elections late next year, development will be allowed to continue, since most of the £5.5hn development funds will have been spent. But it is an open question in West Germany whether Bonn will go on to the production phase. For many, the project already appears too much like warmongering for a world in which East-west borders are

coming down. The same climate of opinion can be expected to have an ever-increasing impact on allied forces' ability to train with their equipment on Ger-man soil, After an agreement to reduce low-flying, the issue of ground forces training will be the focus of a defence min-iser's meeting in Brussels in a fortnight's time. Britzin has argued more forcefully than the US or other allies for keeping exercising up and for the need to train "realistically." But events are making it increasingly difficult to say-what a "realistic" scenario for conflict in Europe would be.

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### New commercial vehicle sales register year's sharpest fall

By Kevin Done, Motor Industry Correspondent

NEW COMMERCIAL vehicle and are still on track to beat last year's total record of 356,753. sales in the UK dropped last month by 12.02 per cent to 26,173 with sharp falls regis-According to the Society of Motor Manufacturers and Traders (SMMT) the "recent tered in all important seg-ments of the market.

rise in interest rates could well accelerate the down-turn in The drop in October was the higgest this year. It signals a significant change of fortune sales over the next 18 months." Imported commercial vehicles accounted for 41.02 per for the commercial vehicles industry, which is hracing itself for a further weakening cent of the market in October, slightly higher than a year ago, hut showed a marginal fall to in the market as the economic squeeze tightens, hitting both investment and retail activity. 39.81 per cent in the first 10 Truck sales (above 3.5 tonnes months

Iveco Ford and Leyland DAF gross vehicle weight) in Octo-ber were 17.2 per cent lower (DAF), leaders in the truck than a year ago, while sales of light vans and pick-ups fell by market, both suffered heavy reverses in October with a fail 16 per cent and sales of in volume sales of 28.7 per cent and 43.7 per cent respectively. Leyland DAF has fared medium and heavy vans, the blggest single sector, dropped slightly better during the first 10 months than its arch rival, Commercial vehicle sales for but both have suffered due to the first 10 months of the year competition from importers and small UK manufacturers. were 7.38 per cent higher than

the heavy truck market (above 15 tonnes), has suffered its biggest losses in this sector, with a 4.2 per cent fall in volume and a decline of almost three percentage points in market share to 21.6 per cent. For the first time Hino, the

leading Japanese heavy truck maker, is included in the SMMT registration figures, following a big jump in its UK sales this year. The Hino trucks are assembled in Ireland.

The Japanese motor industry has a so-called "gentleman's agreement" with the UK industry under which it has undertaken not to export trucks directly from Japan to the UK, hnt this does not cover trucks assembled in Europe. Hino sales in the UK totalled 485 in the first 10 months compared with an estimate of more than 300 for the full year of 1988.

Leyland DAF. which leads Shell sees the conversion of coal to gas as the most promis-

Notherlands using a method called Integrated Gasification Comhined Cycle (IGCC). British Coal, with additional cash raised from the UK Gov-

ernment and the Finnish Ahlstrom company, is backing the topping cycle, a rival system based only partly on gasifica-tion of coal. A less British Coal says its system

is potentially capable of higher efficiencies. The Shell system is more suitable for larger power stations and requires less extra expenditure to combat air and water pollution.

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**Defused** bomb sparks fears of **IRA** campaign

By David White, Defence Correspondent

PROMINENT FIGURES in Britain who might be chosen as IRA targets have been warned to exercise extreme cantion following the discovery vesterday of a powerful bomb under a car in Kensington, west London, which police said was aimed at a top Army offi-

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cer. The device, housed in a sandwich box under a Mer-cedes car, was deactivated by bomb disposal experts after a decorator working on a nearby house spotted the package and called police. The car was barked near the home of Lt-Gen Sir David Ramsbotham, Commander of the UK Field Army. The chose escape related fears of a revival of the terrorist affacks against public figures on the UK mainland that took place in the 1970s and early 1990s, including car bombs that

place in the 1970s and early 1990s, including car bombs that killed Mr Airey Neave, Conser-vativa shadow Northern Ireland Secretary, and severely injured Lt-Gen Sir Steuart Pringle, Commandant General of the Royal Marines.

As usual, police are con-cerned about a possible pre-Christmas campaign by the Provisional IRA, with the ter-rerist organisation turning its atiention to Great Britain after a series of attacks against British forces in West Germany. The IRA is thought to be

Labour Correspondent SMITHS INDUSTRIES, the operating at least two cells in mainland Britain. Three men and a woman are still being aerospace equipment group, yesterday became the second UK engineering company in a week to offer a two-hour cut in the working week to a group of manual workers. sought in connection with a bomb factory found last year in a flat in Clapham, south London.

Engineering

unions win

reduction

in hours By Michael Smith,

of maximal workers. The offer, to more than 1,200 employees 'at' Cheltenham, Gloucestershire, coincided with acceptance by workers at NEL-Parsons, the engineering group, of a 37-hour week agreement. It came as engi-neering unions propared to start an indefinite strike at Smiths' Cheltenham plant if Police said the device defused yesterday - believed to have the IRA's hallmarks - would have caused "death, serious injury and severe destruction." It would have exploded if the car, which had been parked for some days, had been moved.

start an indefinite strike at Smiths' Cheltenham plant if no agreement was reached on hours by this afternoon. More than 1,000 manual employees at British Aero-space's plant in Kingston-up-du-Tharmes are expected to start an indefinite strike today as part of the unions' national campaign. They would join more than 6,000 union mem-bers already on strike at BAe's Chester and Preston factories and at Bolls-Boyce's Hilling-ton, Glasgow, site Commander George Chur-chill-Coleman, chief of Scot-land Yard's Anti-Terrorist. Squad, issued the warning to "individuals who, because of their public positions, are aware that they may be at-risk." He told them to check their cars regularly.

He said the bomb had been placed under "the wrong car" and had apparently dropped off. The Mercedes belongs to a Thai Airways representative.

The Kensington street, Kelso Place, was evacuated and cor-doned off while the bomb was made safe.

Gen Ramsbotham, 55, who is "Rambo," commanded a bri-gade in Northern Ireland from 1978 to 1980. His elder son is a captain in the Royal Green Jackets.

#### **UK NEWS**

### Government to move 1,650 jobs from London

THE GOVERNMENT plans to move up to 1,650 jobs out of London to Leeds over the next three years, write Hazel Duffy and Ian Hamilton Fazey.

The jobs will be dispessed from the headquarters of the Departments of Social Security and Health (including the National Health Service Executive) the National Health Service Executive) and a generous inceptive package, equivalent to those offered by hig com-panies in the private sector, are being offered to encourage key staff. The moves involve 40 per cent of the total Department of Social Services staff employed in London and a third

jobs from Southampton, stresses the jobs from Southampton, stresses the separation of policy, managerial and clerical activities in the civil service. Several reasons for the DSS move were given yesterday by Mr Tony New-ton, Social Security Secretary, and Mr Kenneth Clarke, Health Secretary. They included the high cost of accom-modation in London and difficulties in recruitment and retention of staff. Staff will be affered a relocation

Staff will be offered a relocation package described by Whitehall and

of the total health staff, spreed around the National Union of Civil and Public dling fee. If it sells for less, the Govern-10 buildings. The move, which also involves 150 - equivalent to five years' London the difference.

- equivalent to rive years' London weighting - are being offered. Tax-free reimbursements of up to 58,500 for married people with children will also be available and, if they wish, the sale of their houses will be handled by a savings institution. The relocation wing of Nationwide Anglia building society will arrange for two independent valuations of

for two independent valuations of houses. If it sells the house for more than the valuations, the sum is passed to the householder minus a small han-

Whitehall officials told unions yes-terday that there would be no compul-sory transfers, although unions repre-senting lower-paid staff expressed

All staff in the jobs planned to move would be given the chance to relocate if they wished. In the case of jobs clas-slifted as "mobile" - mostly highergrade - there could be an instruction for such people to move. Editorial comment. Page 18

### Civil service makes an innovative move

Hazel Duffy looks at a new development in relocation for government departments

W HITEHALL IS buzz-ing with stories of civil servants mb-

W HITEHALL IS buzz-ing with stories of civil servants who have been promoted from the provinces to London, only to find their standard of living plummet in the capital. As the stories increase, so does the reluctance to relocate. The decision to move 2,000 headquarters staff of the Social Security and Health Depart-ments northwards from Lon-don to Leeds is, in part, an attempt to end difficulties of promotion relocation.

attempt to end announces or promotion relocation. By moving part of both departments the size and diver-sity of staff in Leeds will ensure that most "will have the opportunity to pursue a full career without having to tion, Glasgow, site. Union leaders said yesterday that growing numbers of employers were approaching them with offers to reduce the working week.

move frequently from one loca-tion to another," said Health Secretary Kenneth Clarke. The Department of Social The departmental manage-ment of the NHS will follow, ment or the NHS Will follow, leaving about 2,000 in London who Mr Clarke said would be responsible for "health policy and strategy." The separation opens up the sharper definition of civil ser-tion much between policy Services (DSS) is setting up two, possibly three, agencies to carry out its executive work. The head office of the largest agency, which will pay bene-fits, will be in Leeds, as will those people who are now work.

sharper deminion of civil ser-vice work between policy, man-agement and the largely cleri-cal jobs, which are being progressively reduced with the spread of technology. It is implicit that movement between the sectors will lessen. those people who are now man-agers in the London headquar ters - about 650 people. Those left in London - about 900 - will be involved in policy

The Employment Depart-ment is in the throws of similar The Department of Health moves. Last August, Mr Nor-man Fowler, the Employment Secretary, said 1,100 headquar-ters jobs would be relocated plans to move the whole of the National Health Service (NHS) management executive, includ-ing Mr Duncan Nichol, the chief executive, to Leeds. from London and Watford to

Sheffield and Runcorn, leaving just 850 policy staff in London. These structural changes emphasise the difference between Whitehall movements and the straightforward reloca-

tion exercises which are increasingly being considered by many big companies. However, a note of cau-tion on Leeds from the recruitment viewpoint Comes from a study on labour resources in the regions pub-lished today by the magazine, Business Strategies. It predicts a drop in the labour force for West York-shire unless there is a rise in the state of the

the number of women entering the labour market. Leeds - preferred by staff in local economy has grown.

the two departments over Manchester, the closest competitor - is already seeing a mini-

boom in the service sector. Relocation is tricky for pub Relocation is tricky for pub-lic and private sectors alike. Lloyds Bank, for instance, chose Bristol about five years ago for head office dispersals. It was seen as attractive enough to antice managers because house prices are not dissimilar from those in Lon-don. People do not like to think they will never be able to sell up and move back to London. The problem has been that competition for clerical and secretarial staff - one of the reasons for Lloyds deciding to move - has intensified as the local economy has grown.

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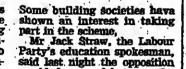
Savings bodies face legal change for student loans

By David/Thomas, Education Correspondent

The British Government is likely to seek changes to the regulations governing building societies. UK savings institutions, in order to allow them to participate in its proposed stu-dent loan scheme.

Ministers hope to be able to announce soon that some of the main cleaning banks have agreed to help run the scheme hich is due to be introduced

in October 1996. But building societies will not be able to participate until the regulations governing their purposes under the Building Societies Act are changed by orders laid before parliament.



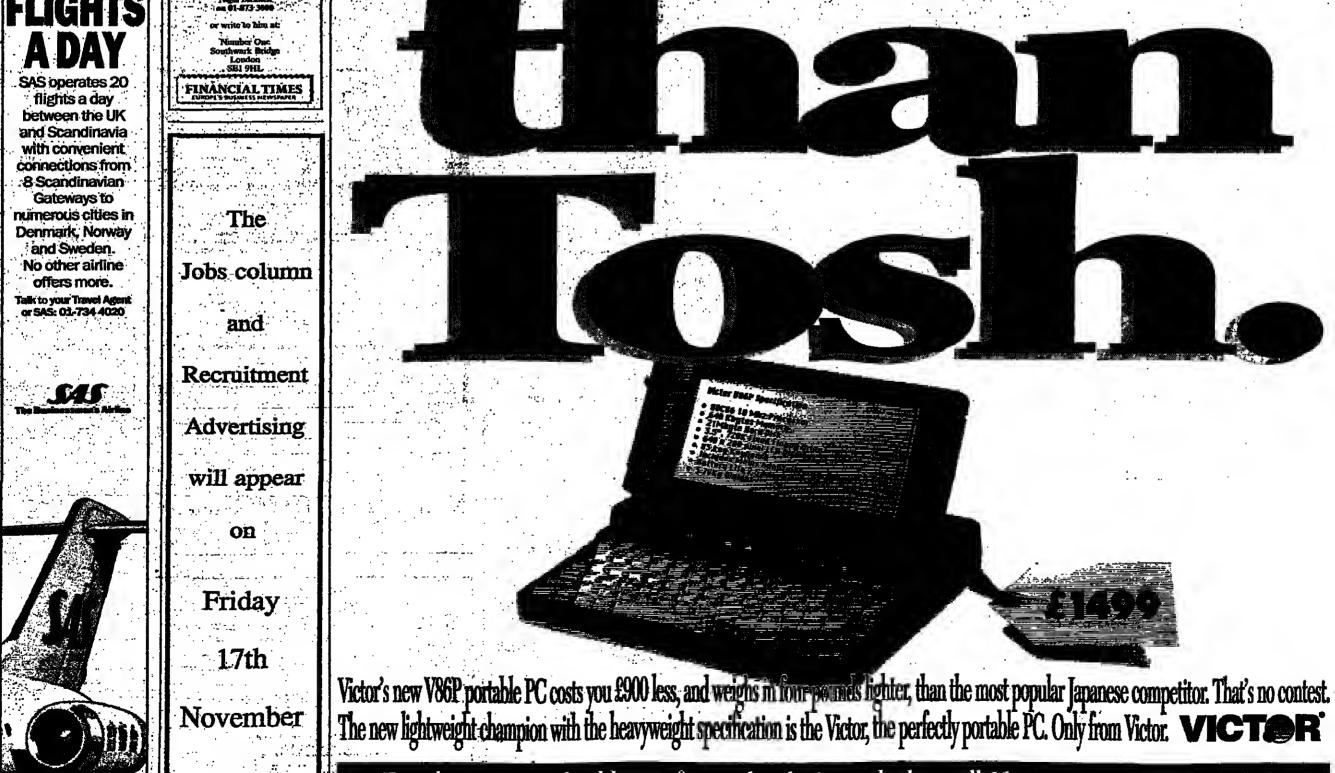
said last night the opposition would force a debate on the orders. "It would underline that building sociaties are being used for purposed for which they wore never intended," he said.

The Government is recon-ciled to the possibility that at least one big clearing bank may not participate in the loans scheme because of worries about its impact on students.

Migel Dic

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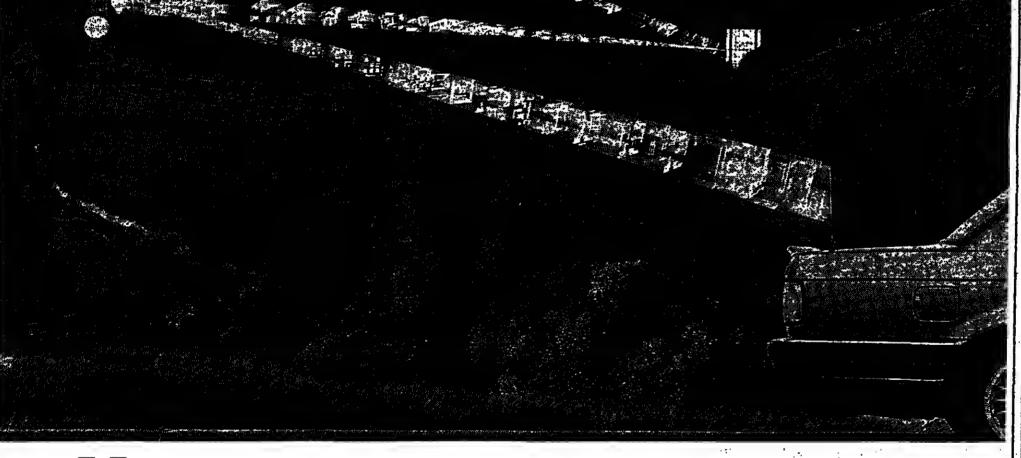


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"With costs overruns of 50" per cent to date, and a dou-bling of the original cost esti-mate, The Battersea is turning into a Eurotannel of a project.



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FT LAW REPORTS

### Zine ad hoc arbitration is valid

문서 옷에서 전통 

FURNESS WITHY (AUSTRA-LIA) PTY LTD v MRTAL DIS-TRIBUTORS (UK) LTD Court of Appeal (Lord Justice Dillon, Lord Justice Staughton Lord Justice Mann): November 10 1969

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CHARTERPARTY clause providing for English proper aw and London arbitration is invalidated by incorporation of Australian statutory provi-sions that the charter shall be governed by Australian law, and that any term inconsistent with such provisions or lessen-ing the jurisdiction of Austraing the jurisdiction of Austra-liam courts shall be infl and void. But an ad hoc agreement arising from the parties' inter-tion to arbitrate in London by English law, though vitlated by their mishing of fact as to the effect of fincorporating Amstralian law, is validated by estogael by convention if there was a common bitrate augum-

constraints law, is validated by estopped by convention if there was a common biared asymp-tion their a world and in if agreement existed and if if would be unconscionable for would be unconscionable for them to depart from that

assumption. The Court of Appeal so held when dismissing an appeal by the plaintiff, Furness Withy (Australia) Pty Ltd, from Mr Justice Gatehouse's decision that valid arbitration proceed-ings existed between Metal Dis-tributors (UK) Ltd as claim-ants, and Furness.

LORD JUSTICE STAUGHTON said that the dispute concerned a shipment of zinc from South Australia to two ports in India. It was said that due to the ship's error too much cargo

ship's error too much cargo was discharged at the first port-and too little at the second. Furness was disponent owner of the Amazonia, char-tered from registered owners. Metal had sub-chartered the vessel for the voyage. Clause 33 of the charter party provided that the charter was subject to the terms and provi-sions of the Australian Sea-

sions of the Australian Sea-Carriage of Goods Act 1924 "so that the Rules relating to bills of lading [Hague Rules] con-tained in the Schedule to the said Act shall apply. Clause 34 provided for Lon-don arbitration, and that the

charter was governed by English law, Section 9 of the Australian

Act provided that all parties to a document relating to carriage of goods from Australia to outside Australia "shall be deemed to have intended to

contract according to the laws in force at the place of ship-ment," and any agreement to the contrary or purporting to lessen the jurisdiction of Ans-tralian courts "shall be illegal, mull and void and of no effect." On December 7 1961 Metal called for arbitration. It was agreed that Mr Dowald

Called for arbitration. It was agreed that Mr Donald Davies should be sole arbitra-tor, without prejudice to Fur-ness's right to contend that part of the claim might be fime-barred. On October 1982 Metal wrote,

to Mr Davies, with a copy to Furness, inviting him to accept appointment as sole arbitrator.

He did accept. Then Furness suggested that Mr Brace Harris, arbitrator in a claim by Metal against the registered owners, should be sole arbitrator.

Metal did not agree, and the arbitration before Mr Davies

arbitration before Mr Davies proceeded. Points of claim and defence were served. On March I 1983, while the Davies/Harris dispute well Hin-gering on, Furness wrote to Mr Davies saying it did not wish "to be thought to be challeng-ing" his invitation.

ing" his jurisdiction. It said that if a tribunal eleminon to the disputes could not be achieved by agreement, it would accept his appointment. By the present proceedings, issued on October 22 1986, Fur-ness sought a declaration that no valid arbitration existed between it and Metal. As the Hague Rules one-year time limit applied Metal would have

no remedy. Issue A was whether clause

Issue A was whether clause 33 of the charterparty incorpo-rated the whole of the Austra-lian Act, including section 9. Mr Kealey for Metal relied on "so that" in clause 33 as indicating that the sole conse-quence of incorporating the Act was application of the Hague Rules. There were, three reasons why the argument foundered.

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why the argument foundered. First, other sections were incorporated (see section 5). Second, clause 32 provided that any clause inconsistent "with the rules and provisions of the said Act" was to be void to the

extent of the inconsistency. That made it clear the whole Act was incorporated. Third, in Ocean Steamship [1941] 1 KB 402 one clause of a bill of lading provided that the Anstralian Act should be incor-Abstratian Act should be incor-porated and that any inconsis-tency should be null and void, whereas another clause pro-vided that-the-bill should be

governed by English law. It was held that the contract was not governed by English law. There was no material distinction between Ocean Steamship and the present dispute. The court was bound to reach the same conclusion.

Accordingly, as Mr Justice Gatebouse held, clause 38 over-rode clause 34. The agreement to arbitrate in London and the to around in London and the choice of English law were both void. The charterparty was governed by the laws in force at place of shipment, namely Australia. Issue B was whether there

was an ad hoc arbitration

The general law of contract

The general law of contract was that an agreement, though supported by consideration, was not binding if made with-out any intention of creating legal relations. With researd to arbitration proceedings, in *Westminster Chemicals (1956) I Lingel's Rep* 99, Mr. Justice Davin said that "If a main does 'Not protest but ... submits to the juris-diction of the arbitrator, he is then bound by the award." In Altoo [1971] 2 Lloyd's Rep

In Altco [1971] 3 Lloge's Rep 515, the defendant had taken part in an arbitration and lost. Mr Justice Donaldson said there was no ad hoc agree-ment. He said the parties con-ducted themselves on the basis of mutual mistake that there was already an agreement. The two decisions could not

be reconcile

Mr Justice Deviin's doctrine, emphatically endorsed in sub-sequent arbitration cases, was good sense and ought to be good law.

The rule ought to be that if a person wished to preserve his rights by taking part in an arbitration under protest, he must make his objection clear must make his objection clear at the start, or very early on. On the evidence in the pres-ent case the parties did intend to make a contract for arbitra-tion before Mr Davies. Furness had said it had no wish "to be thought to be challenging" his invisibilition

An ad hoc agreement was

As the agreement was made in England and was for London arbitration, the inferred intenarbitration, the interred inten-tion was that it should be gov-erned by English Iaw, Alterns-tively, that was the system of law with which the contract had its closest connection. The ad hoc agreement was therefore governed by English

law. Australian law had no

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effect on it. The question was whether it was rendered ineffective by fundamental mistake of fact. The parties' mistake lay in believing that the Australian Act contained no impediment to arbitration in England, whereas if did, in section 9.

A contract was not vitlated by mistake of law. But for procedure and proof purposes foreign law was a question of fact. In an English forum only English law could be the subject matter of mistake of law. Any other was mistake of fact (Andre [1979] 2

LLoyd's Rep 427). It followed that the ail hoc arbitration was vitiated by mistake of fact. Issue C was whether estop-pel by convention validated the

per by convention valuated the arbitration proceedings. There was no dispute that the first requirement of an estoppel by convention was satisfied. The evidence showed a common shared assumption that there was a valid arbitra-tion accommon that

tion agreement: There had been argument as to whether it would be unconscionable for Furness to depart from that shared common assumption. It was not significant who

first made the mistake or had first made the matale of han the better opportunity to ascer-tain the true position. It was a shared mistake easily be made. It would be monstrous if Furness was allowed to retreat from the position it had taken for over four years. The convention was that there was a valid arbitration surrement.

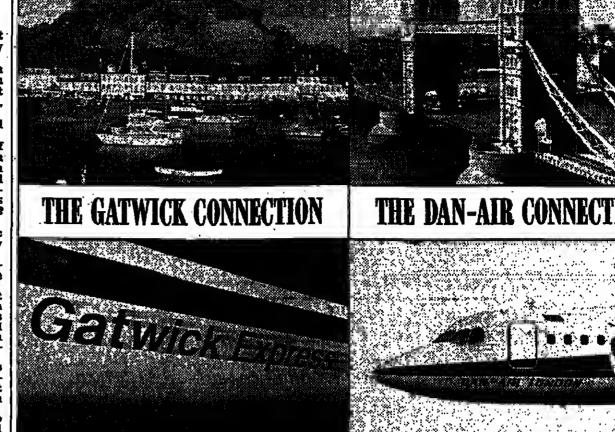
agreement. Where a foreign element was involved, one had to look for the proper law of the estoppel. If the parties' communings had taken place in Australia between Australian lawyers, one might have concluded that the worner law was Australian. the proper law was Australian, just as a contract made in that way might be governed by Australian law. There was no doubt the estoppel was governed by English law. It was not defeated by illegality in Aus-tralian law. The appeal was

Lord Justice Dillon and Lord Justice Mann concurred.".

For Metal: Gavin Kealey (Mid dieton Potis) For Furness: Jonathun Gibno (Holman Femoick & Willon)

**Rachel Davies** Barriste

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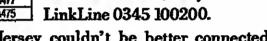
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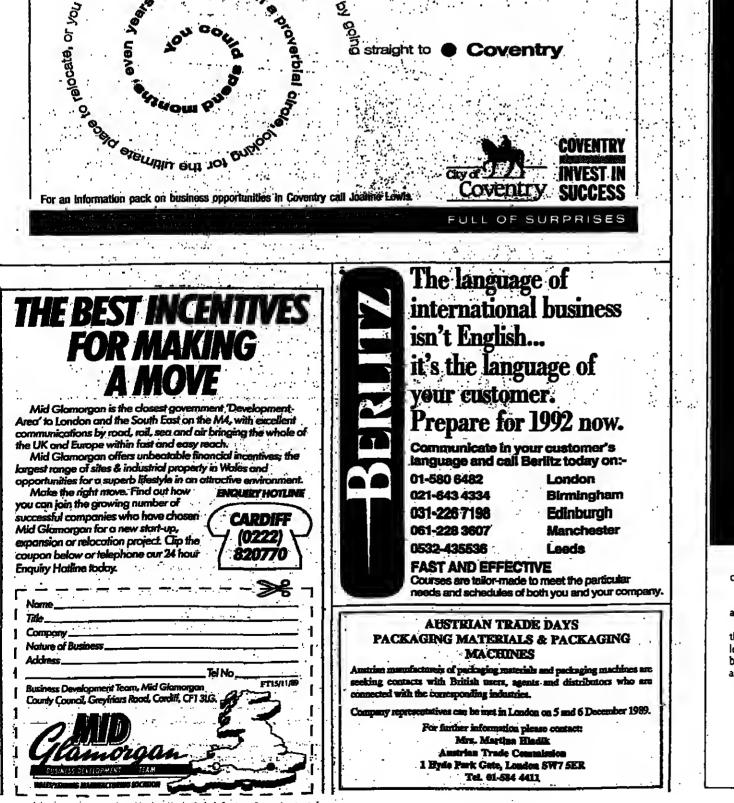


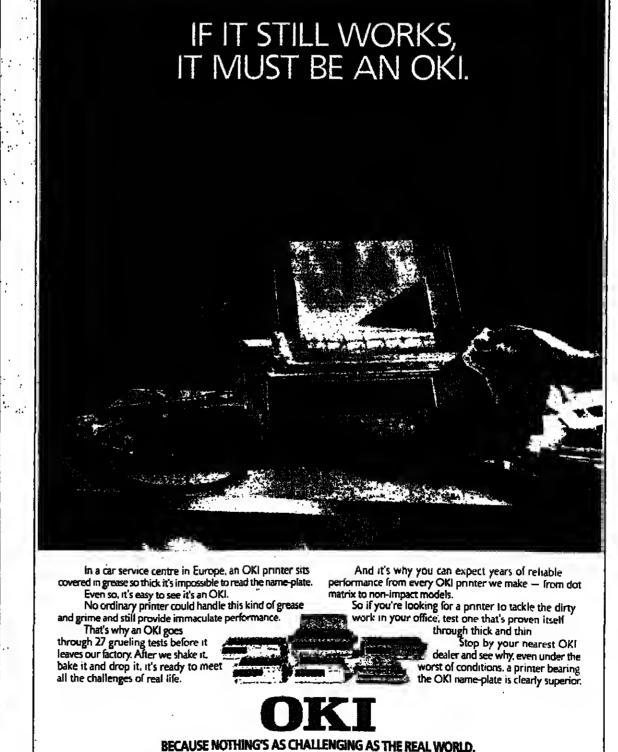


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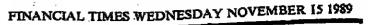
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### Komatsu Hoping for a smooth global ride

Nick Garnett assesses the Japanese earth-moving machinery group's diversification strategy

etsuya Katada, presi-dent of Komatsu since an abrupt management change at the top of the company five months ago, is talking about shifts taking place in the bow-els of the big Japanese con-struction equipment maker. "We have put the company on a good set of rails so that from now on we can have a nice, smooth ride," he says.

-14

Those shifts have included a significant move into global production through the acqui aition in the past year of sub-stantial production facilities in the US and West Germany adding to its existing plants overseas. It also involves a commitment to extract a half of its turnover from non-construction machinery items before the end of the 1990s.

Katada is the first to concede that the "ride" for Komatsu, the world's second biggest earthmoving machinery maker after Caterpillar of the US, has been anything but smooth

since the mid-1960s. Hurt by the rise of the yen -which in the space of two years forced it to jack up prices in North America by 40 per cent - and by the competitive return of the once-stumbling but now fleeter footed Caterpillar, Komatsu slid through six years of declining profits which only came to an end in

the last financial year. This was more than a little ironic. Five years ago, the Japanese company, which had relentlessly hunted down its US rival throogh the 1970s, announced that henceforth it would take more notice of its need to make profits and a lit-tie less of overall sales. For Japanese manufacturers which have, almost without exception, a near mesmeric fixation with market share, that repre-

sented a telling move. It was pretty galling for Komatsu's board in Tokyo, therefore, to watch the com-pany's difficulties in an admittedly tricky market place produce the opposite result.

Net incoma in 1984 of Y22.6bn (\$158m), down from Y33.3bn in 1981, had slipped to Y14.7bn in 1986 before plummeting to Y9.5bn and to Y3.1bn in the next two years. Katada scribes that experience as "bitter." That bitterness was

wants at least a half of that to probably deepened by Caterpil-lar's turnround into financial come from non-construction machinery products like elecrecovery at about the same recovery at about the sama time. During this period, Shoji Nogawa, president of Komatsu for five years, was dismissed by the board in June 1967 and tronic parts, robots and pro-duction machinery. Katada says a principal rea-son for diversification is that overall demand for equipment replaced by Masao Tanaka. So it is a different Komatsu has plateaued and there are

that is emerging into the 1990s. For one thing, its financial perfew opportunities to go for greater market share. Becoming more of a global formance has begun to recover producer will have a big handsomely on the back of Japan'a expanding domestic impact on tha company, Katada says. The company opened a production plant in construction market. Komatso's total net sales jumped in the year to March to

Tennessee three years ago and at Birtley in the UK at the Y793bn (\$5.6bn) from Y740bn same time. Last year it put its and its net income sprang back North American operations into a 50-50 joint venture with to Y20.8bn. For this year it is predicting a leap in pre-tax

profits to Y35bn and sales of Y870bn. Its hard-pressed facto-

with 3,000 a month last year.

company hlames much of this

on its factory modernisation and new model programme.

company back in 1921.



Dresser, a medium-sized US machinery maker.

This year it took a minority stake in Hanomag, a famons name in West German con-struction machinery with sales last year of \$188m, which it is likely to raise to a majority before the end of the year. ries in Japan are churning out remains as a company advisor and keeps his directorship) 3,500 units a month compared appeared so sudden. "It is not that management policy will change 180 degrees," says tha It might also give Komatsu a little satisfaction that this has come at a time when Caterpilformer law student. "But I lar's rush back into big profits appears to be slowing. Cat said have been expressing my own Some of these moves were designed to reduce Komatsu's thoughts since becoming presilast month that its profits this year would be down on last year's \$616m though the US dent and that is positively to control the management of the

exposure to a range of prob-lems. "We had a high export dependance of 60 per cent," Katada says. "We were always at the mercy of exchange rates and we were at the centre of trade frictions."

But what is more striking are the changes in character and policy at Komatsu - prob-Komatsu has also signed a ably the most significant since it was hived off from a mining number of supply deals with European companies by which it takes machinery from other Katada, the 58-year-old for-mer vice-president who has the suppliers in product niches it is not in, including articulated manner of a family doctor, dump trucks and compaction

says Komatsu wants to increase its sales to at least It is also importing into Japan products ranging from Canadian logging equipment to Y1.4 trillion (million million) by the end of the 1990s. And he

1960s; Komatsu's technical Scandinavian speed boats, managers say, ruefully, that had it pursued this product it though this activity is tiny. Katada says that Komatso wants to operate as a "group wide" business. Though he is could have become the world's biggest supplier of industrial keen to have local managers robots.

running Komatsn's overseas businesses, he wants the com-

pany to accumulate know-how

in technology, marketing and

products from its units around

the world, transferring what-ever is best within the group.

competitors all this talk of glo-balisation does not mean the

Japanese company has gona soft on its own manufacturing.

Just the opposite. We have been struggling by

in the past on Y15bn to Y20bn a year for capital investment," says Katada. "It will be aboot

Included in this is a Y50bn

programme spread over three years to double the number of

production lines embracing

flexible systems. Komatsu has

already transformed 38 produc-tion lines to this system which

can save up to 60 per cent in

Komatsu's position as probably the world'a most efficient vol-

ume producer of construction

machinery. Caterpillar has

been trying to catch np through its \$1bn factory

improvement programme. Ratada steers away from questions on why his replace-

ment of Tanaka (who, at 64.

company more than it has

In terms of diversification.

Komatsn has picked three

main product areas: electron-ics, robots and plastics.

Already these sectors help to

make np a diversa hand of small businesses which con-

tribute to the 20 per cent of

sales the company achieves outside mainstream construc-

It already makes plastic injection moulding machinery

and produced one of the world's first robots in the

been done before."

tion equipment.

This is likely to entrench

Y50hn from now on.

labour cost

Unfortunately for Komatsu's

MANAGEMENT

Komatsu certainly wants to become a much bigger producer of robots. These will be for use particularly on construction sites for such activities as installing steel bars and building blocks, coating of buildings and painting.

The strength of the construction market, says Komatsu, is shown by the fact that two thirds of overall demand for machinery now comes from construction rather than earthmoving. But many advanced economies are suffering from labour shortages in construc-tion and will benefit from anto-mation. The company will shortly announce a tie-up with an unnamed technical institute in plastic moulding equipment while its technical centre at Hiratsuka has been working on advanced automatic controls for construction machinery. Komatsu is relatively small though, in the new product

areas in which it wants to expand so the question is whether it has the management strength to cope with this diversification. "I believe we can do this," says Katada. A new business development unit has just been set up in Tokyo and Katada points out that the average age of the 24man Komatsu board is 53, as against almost 60 for most large Japanese corporations. "It does not mean that all our board people are good but there is a lot of flexible think-ing there, Katada says. Of course, if Komaisu does negotiate this diversification

programme successfully, the ona thing that will have enabled it to do so is the strength of its construction equipment business. Katada says there is no intention to decrease the company's com-minment to its principal business pillar. He says, for example, that

Birtley is producing about 180 excavators a month but one third of its production space is not used, so output could be raised to 300 units a month. Hanomag, a specialist producer of wheel loaders, can make 120 units a month but Katada says



he would like to increase production to 200 a month there. Ha says, though, that Komatsn's total production capacity in Europe is now quite enough.

The main interest in Komatsu expansion, though, has fallen on the joint deal with Dresser, forming a busi-ness which has about 17 or 18 per cent of the US construction machinery market. Rumour in the industry was that Dresser was keener than Komatsu to sign up the deal and that the US company would be prepared eventually to drop out of the equipment industry.

"Dresser had sufferad. because its production technol-ogy had lagged behind so it had a strong motive to seek a deal with Komatsn," says Katada. "But we had a strong motive too because we wanted to increase our production to increase our production capacity in the US."

Welding together a business with half a dozen production facilities and different dealerships has not proved easy. The first year of the joint venture will show a loss, says Katada. partly because of the cost of bringing US engineers over to two.

Japan, transferring drawings

and changing designs. The business will be in profit in its second year, he says, and by the middle of next year a half of the distribution networks will be merged. "We had some difficulties but I believe it has been stabilised. The busi-ness is viable and I see no objective reason for Dresser wanting to leave. I have seen no sign that they want to." Komatsu may be all for prof-

its now but, like all large Japa-nese makers, market share does remain a vital issue for it. Katada thinks the joint deal with Dresser should be able to capture 20 per cent to 25 per cent of the US market, but no

more than that. Much is made of the suggest tion these days that as the Jap-anese get so much richer, they are less willing to grind out the hours for their companies. A committee is being formed by younger employees in Komatsu to see if working hours can be eased. "Next year we will have a system so that every member of the company can have a long vacation," says Katada. "Of at least one week or maybe

#### Management abstracts

A third generation successor's relections, R W Correll in Family Business Review (US), Spring 89 (13 pages)

Here is an author who tells the story of his own life: the choices he - the grandson of the founder of a family business - had to make between his "dream" (to be a teacher) and the family's expectation that he would perpetuate the line. The strong desire to be "his own man" is reflected in the many phases of his career; he did enter the family business, reshaped it to conform to his own ideas, eventually sold the business while continuing to work for it, until he finally decided to leave the business and realise his dream.

The board's mendate: mediating corporate lifespace. A Demb & F-F Neubouer in European Management Journal

(UK), Sep 89 (10 pages) Argues that a board of direc-tors' mandate goes beyond the traditional roles of watchdog, trustee and pilot to embrace the concept of corporate lifesthe concept of corporate lifes-pace – a recognition of the nature of public expectations for corporate performance in both economic and social spheres and the need to respond to them – to which must be added the fundamen-tal question of the board's accountability to whom (to which there is no "right" which there is no "right" answer). Discusses the dimen-sions of lifespace, which can vary for different organisations and, for multinationals, are extremely complex and gov erned by changing sets of val-ues and standards; examines waya in which boards can shape the lifespace of their cor-porations, and makes recommendations for them to exer-cise their leadership potential. Downsizing: survivors' assess-ments. L.A. Isabella in Business Horizons (US), May/Jun 89 (7 Dages)

Restates that compulsory redundancies affect not just those who are made redundant, but also those who remain; when it's all over they will be anxious about their own performances, prospects, and job security. They will need reassurance and even help with "packing their own parachutes

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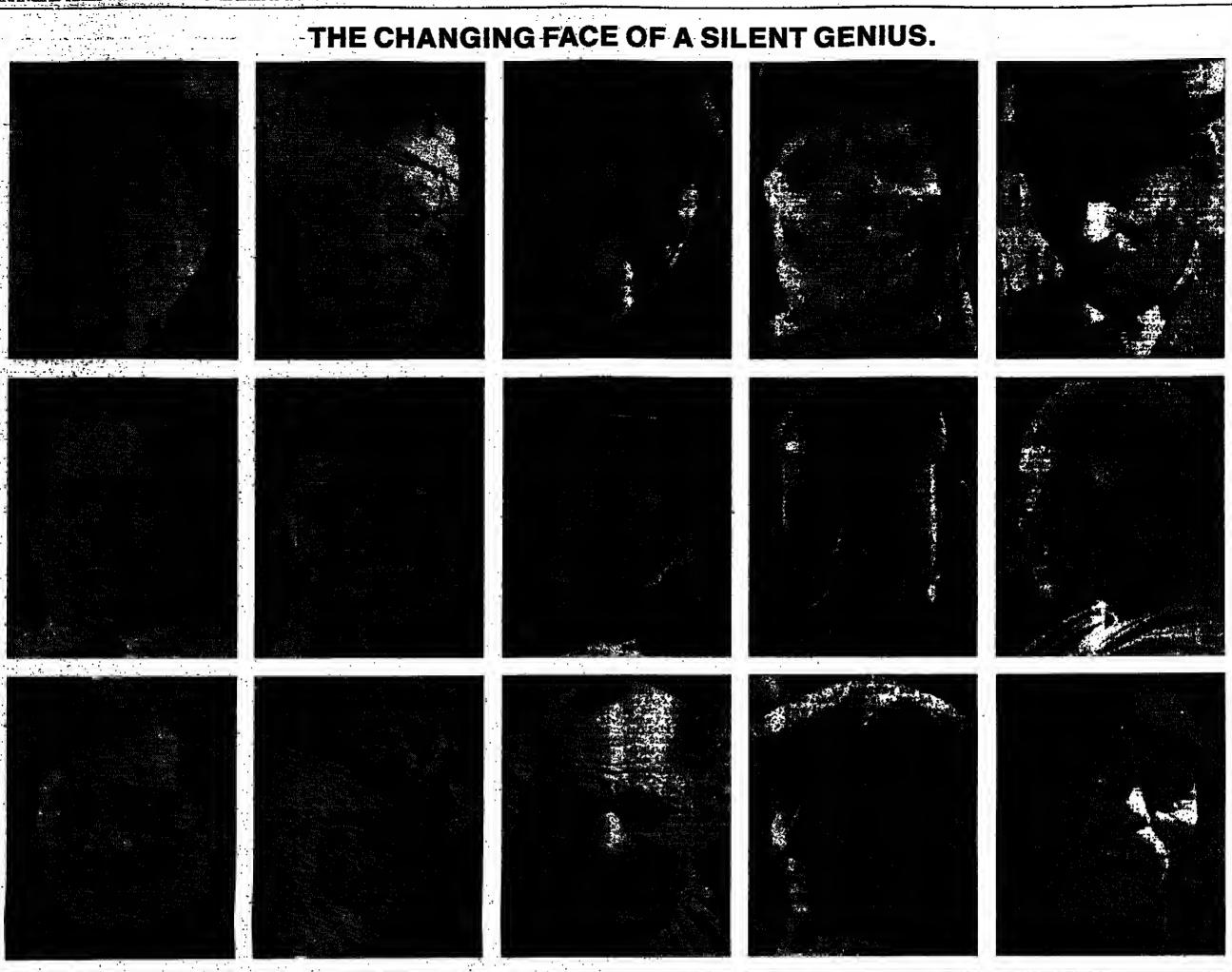
Only a wine at its peak should accompany the finest cuisine. Which is why, when you choose a wine at The Oriental Singapore, you have at your service one who has lived in France's vineyards, observed the grape harvest, and sat for the rigorous sommelier's examination. Sending our wine steward to study in France might seem an extravagant

way to ensure we recommend the right wine, and one in its prime, to go with your food. But when we took the name of our sister hotel, The Oriental Bangkok, we also took its dedication to excellence. which has made it a legend among hotels. And just as a good year makes a good vintage, a succession of perfect ones makes a legend.

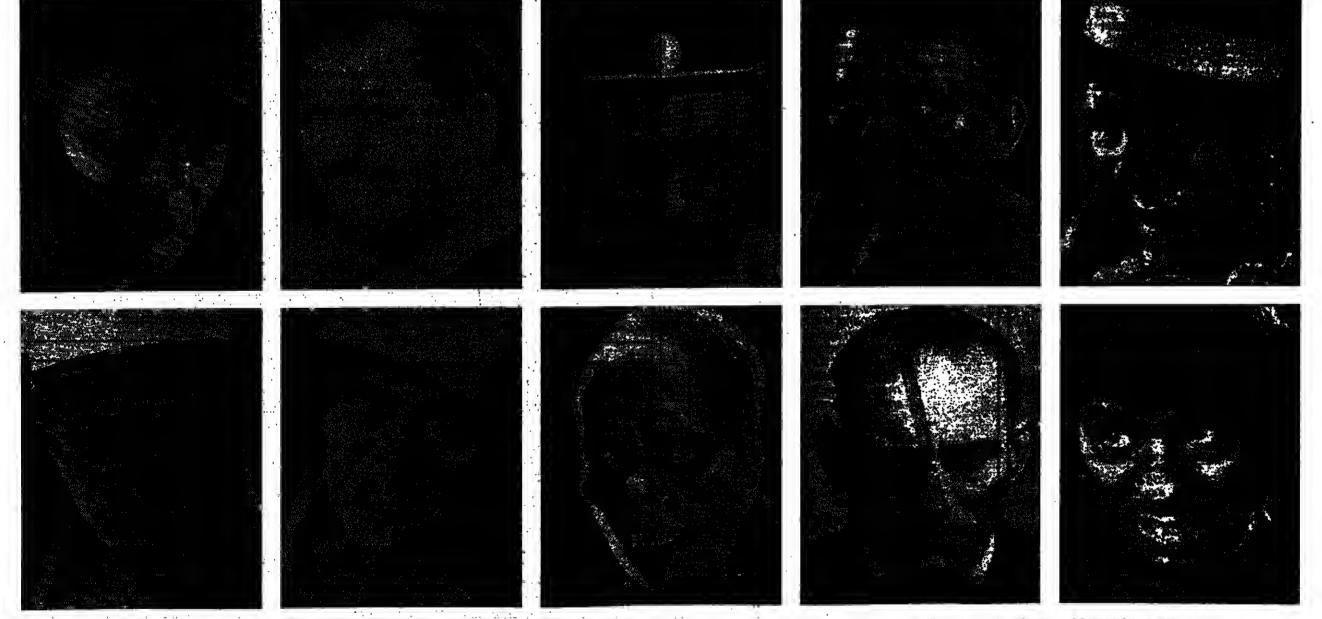
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The joke of the decade. A killer. Ready? Get this: don't step on that spider... it might be Lon Chancy. No? But it's the joke of the decade! Well, it was in the

No? But it's the joke of the decade! Well, it was in the 20s, But then, in the 20s there was probably more chance of Lon Chancy being a spider than a spider being a spider.

. . . .

Born on April Fool's Day, 1883 to deaf and dumb parents, Chaney became one of the biggest movie-stars of the silent era through extraordinary portrayals of all manner of unfortunate, often grotesque individuals: clowns, vampires, phantoms, hunchbacks, drunken husbands, evil

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grandmothers ... everything from a crooked ventriloquist masquerading as a partot-selling old lady (The Unholy Three) to an armless knife-throwing circus star (The Unknown).

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to spend hours on end in front of a mirror, plastered in makeup with futnry teeth stuffed up its cake-hole. It does the business almost instantly.

The GQ-5000, you see, has 'scaleable fonts'. Sounds painful doesn't it? It's not. It's wonderful. It means you can select any typeface from 80 built-in fonts; choose any size between 3pt and 240pt; print landscape or portrait in bold, medium or italics; underline, extend, filp or condense letters - by simply pressing a button or two.

If, however, a cast of thousands is not what you're looking for, simply a quictly brilliant performance,

then the Epson SQ-850 ink-jet is what you're after.

The SQ-850 is so quiet you'll hardly notice it's there, let alone that it's whizzing along faster than any comparable inkjet (600 cps in draft mode and 198 cps in LQ).

It also produces high-resolution graphics (at 360 dpi) and does all its own paper-handling stunts, datarling.

Lon Chaney had to sweat his way through almost 150 films to earn the title *The Man of a Thousand Faces*. All you have to do is write or ring your way through to us here at Epson. So step on it,

But don't step on that spider ... it might be an Epson.

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#### TECHNOLOGY

he recent proliferation of trading instruments is making it increas-ingly difficult for corporate treasurers and senior managers to keep track of the overall financial risk to which they are exposed.

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They will soon have help from a new generation of risk management computers which are designed to prevent compa-nies becoming over-extended as a result of inadequately con-trolled trading in more and more exotic options and other derivatives of equities, bonds and currencie

Software already exists for measuring the risk of individ-ual categories of instrument, particularly options. But what has been missing until now is a truly integrated system to bring together all the different elements in a company's port-folio and show its overall expo-sure to changes in external circumstances (movements in interest rates, currencies, stock markets and so ou).

Several innovative compa goal from different starting points, though none can yet monstrate a full-scale system working in a large financial institution and covering all

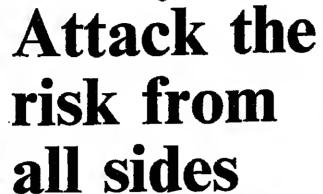
rect,

Australians are leading the development of sophisticated software for risk manage-ment, says George Forrest, managing director of DRUM Consultants in London. Option Technology of Sydney typifies the Australian approach to risk menagement, based on advanced mathematical techniques. Its Optech system, cov-ering interest rate and currency options and running on Sun workstations, costs a mini-mum of \$1m. The first version was designed for the ANZ Bank and a second is being installed at the State Bank of

New South Wales. A small London company, PDG Computer Aided Management, has developed a real-time risk management system which is arousing considerable interest among City institu-tions. It covers equifies and equity derivatives. Using graphical simulation on an Apollo workstation, PDG Controller enables a dealer to examine the effect of any proposed trade on the risk expo-sure of his or her individual portfolio. Senior managers can use the system to aggregate the individual trading positions across the whole institu-

Optech and PDG have a broadly similar approach to risk management and both plan to offer an integrated sys-

Clive Cookson reports on the growing interest in integrated financial management systems



tem covering all financial instruments, although they are approaching from different directions (banking and equity industry do not understand the technical or financial issues. Very few people in the financial services community understand the enormous stratrading respectively).

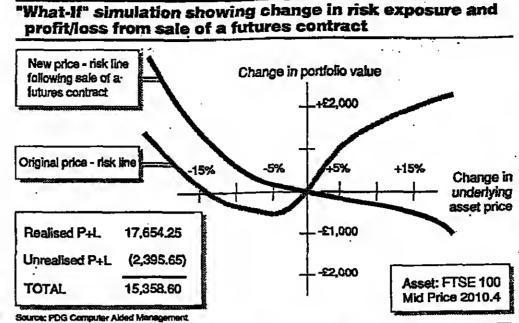
However, Chris Cornish, managing director of Global tegic importance of risk management," says Michael Roden, a treasury technology consul-Risk Management, a London consultancy, claims thet "if modern portfolio theory is cortant. Banks in particular do not realise the extent to which they are at risk from a liquidthese incremental approaches starting with one market and growing from there will not work." His comity crisis as a result of the recent explosion in global trading in futures and options. pany worked with Data Logic, the computing services subsid-iary of Raytheon, to develop a Computerised risk manage-ment is a highly complex sub-

ject and its practitioners find it hard to agree on basic defini-tions and objectives, let alone global risk management system that would cover all mar-kets from the start. the best technical approach, so it is hardly surprising that executives are bewildered. But Cornish says he could not sell the system to large For example, according to Ralph McKay, chairman of financial institutions because Options Technology, a recent

computer purchasing decisions are made by individual depart-ments and not by senior management for the institution as a whole. So the company has decided instead to demonstrate the system first in a smaller investment "boutique" which does not have departmental

demarcations. The real issue here is who is in control of decision mak-ing," Cornish says. "The traders are in control now. They make the decisions and then expect the 'risk manager' to stop them losing money. But if you want to create an institu-tional portfolio with minimum risk, you have to consider the portfolio as a whole prior to execution of a trade. And that means taking the decision-making capability out of the hands of the people who have it now.

Other specialists in financial risk management dispute Cor-nish's technical views on how best to build an integrated system, but they generally agree with him that senior managers in the banking and securities



lio will fall in value if the FTSE index rises but it offers a His compeny employe "financial mathematicians" to substantial rise in value if the hreak down each instrument into its characteristic risk cominder falls. ponents - known rather infimidatingly as Greek letter components. For example an option is characterised by its exposure to changes in spot price, time, market volatility and interest rates; each of these risks is referred to hy a particular Greek letter.

If a bank creates an exotic new instrument, the Optech system will help it to hedge the exposure hy constructing a counterbalancing portfolio with nearly identical risk com-

Before carrying out a deal

'Clients find the all-singing risk management tools designed for rocket scientists a bit scary'

survey of 15 treasurers of leadponents from existing instruing European banking groups showed that they believed prof-its are generated by "position taking" - in other words beat-ing the markets. If that were Philip Kremin, managing director of PDG Computer Aided Management, does not believe that all risks can be removed from equity trading but he says that his PDG Con-troller enables traders and the case, treasurers would have to take deliberate risks to make money. But McKay argues that treatheir managers to maximise profit-making potential while avoiding the risk of unaccept-

suries make profits out of imperfections in the markets, by "capturing the spread" between bid and ask (buying and selling) prices. He says the the trader can carry out a ideal strategy would he to reduce all risks to zero - or as near to zero as possible - and what if simulation to show how it would change the price-risk curve for his portfolio. In the simple example illustrated, to create new "synthetic" the sale of a futures contract brings the risk that the portfofinancial instruments with a wider spread.

If a manager believes that a particular portfolio or group of portfolios carries an unacceptable risk, the system is programmed to suggest 10 trades that would reduce the risk.

Many financial institutions are not convinced that they require the level of mathematical sophistication offered by Optech and PDG. Several more basic systems are available for

In the banking arena, for exemple, BIS Banking Systems, the London subsid-tary of Nynex, recently launched Centaur, a new product to help users of its best-selling Midas banking software manage interest rate risks. Centaur extracts data from the bank's Midas database and presents it on IBM-compatible personal computers (the graph-ical presentation is based on

Lotus Symphony). Centaur is not a real-time system. Its information is extracted at the close of business trading every evening. It is based on established accounting and cashflow prin-ciples rather than advanced financial mathematics. And it does not currently include

options Godfrey Supka of BIS says this "medium technology" approach is what his clients want. "They find the all-singing all-dancing risk manage-ment tools designed for rocket scientists a bit scary.

As an alternative to install-ing a system in-house, finan-

cial institutions can contract out their risk management to a third party. The leading sup-plier of such a service is GE Financial Information Services, a subsidiary of General Elec-tric of the US. Ian Bullen, the company's European marketing manager, says that 14 international banks use its Global Limits Service to con-trol their money market and foreign exchange risks.

The service uses GE's world-wide financial communications network to collect trading data from each branch of the bank, as it happens, analyse the risks on its central computers and transmit the information back

to dealers and managers. GE offers global real-time risk management - at an ini-tial cost of about \$250,000 and running costs of \$100,000 to \$250,000 a year, depending on the size of the bank - but the information appears on the users' computer screens in the form of tables. It does not provide sophisticated graphics to match some of the in-house systems, which experts such as Roden believe are essential if global risk management tools are to appeal to senior manage-

"A lot of senior managers are worrying about risk man-agement today, but they are not sure what the business issues are, let alone the technological ones," Rodan says. But he believes that the confusion will soon begin to clear and that in two or three years' time chief executives of financial institutions will have risk management systems at their fingertips.

Magnified view of the matter

#### By Andrew Wiseman

ast month the Stutigart Max-Planck Institute for Metals Research acquired a super transmission electron microscope, with a resolution of 1.75 Angetrom. It is capable of seeing two points, one sixth of a millionth of a millimetre spart and magnified 2m times as separate objects. Electron microscopes focus

beams of electrons, instead of visible light, and use electron lenses to produce magnified images, especially of objects smaller than the wavelengths of visible light. The DM3m (£1m) micro-

scope, called JEM 4000EX, was paid for by the Volkswagen foundation and built by the Japanese company JEOL Ltd. The microscope operates on

a steady voltage of 400 kilovolts, with electrons of very constant wavelengths. It focuses the beams through electromagnetic lenses.

The microscope's guidance system is fully digitized: every setting is stored and can be called up immediately when required.

To gain a better understand-ing of the properties of metal-lic and caramic materials, the German researchers first make a 3mm diameter disc out of the material to be studied. They then bombard it with ions until a hole appears in the cen-tre of the disc. At the edge of this hole the material is only 0.01 micrometre (100 Ang-

0.01 micrometre (100 Ang-strom) thick, thin enough to be penetrated by the micro-scope's electron rays. When this happens, the rays change direction. Such refrac-tions are specific to the struc-ture of the material being examined. These refracted examined. These refracted rays are re-focused through the electromagnetic lenses, creating interference patterns. The researchers are able to discover the structure of the material from these patterns, especially any faults within the structure.

The images must be linked to a computer simulation. The arrangement of atoms and the electron-optical parameters are constantly altered until the computer has calculated and presented an interference pattern which corresponds to the image produced by the microscope.

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### It is a time consuming pro-cess. The Germans have worked out that 40 per cent of their time is spent preparing the experiments, a further 40 per cent goes on simulation and analysis and only 20 per cent on producing and record-ing electron microscope

mages One problem which the Germans had to overcome was the microscope's sensitivity to vibration. It had to be posi-tioned on special foundations, not connected to any other part of the building. The room in which the JEM 4000EX is housed and the adjoining

rooms have soundproof walls, to prevent any vibrations which could be transmitted to the microscope. Such precautions are not panic measures. The scientists showed that when a tiny sam-ple of a material, subjected to

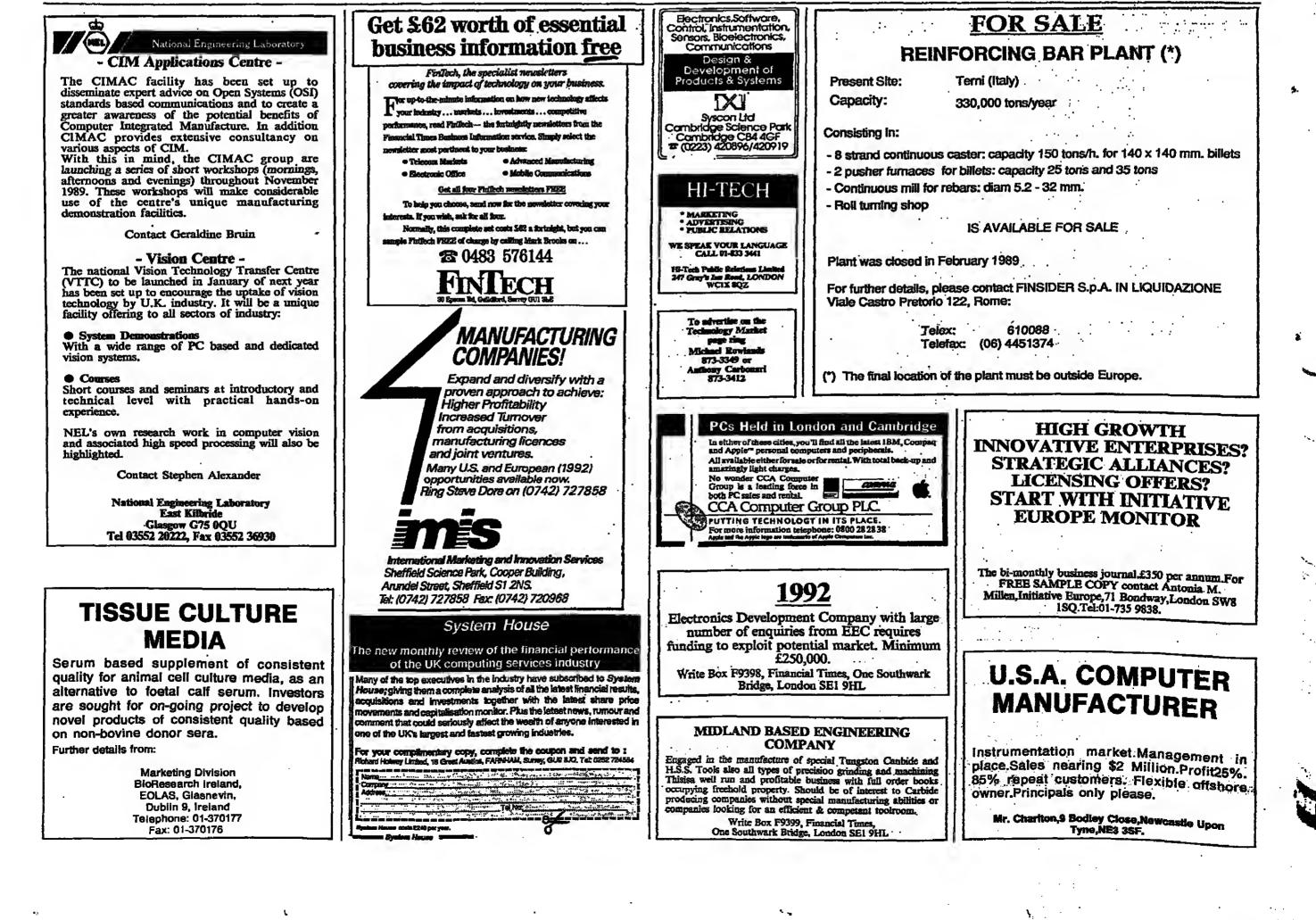
pie of a material, subjected to an electron beam, becomes vis-ible under the microscope, a comparatively gentic clap in front of the equipment is enough to oscillate the image. The Stutigart researchers The Stuttgart researchers propose to use the JEM 4000EX for two big projects: one is the study of weld boundaries between metal and ceramics (formed, for instance, when niobium, a rare metal used in stainless sizel to pre-vent corrosion at high temper-atures, and aluminium oxide, are welded toosther).

are welded together). The other is an examination of what happens when manga-nese oxide is introduced into

copper or zinc oxide into silver. Because such cumbinations are favoured in the search for new weided materi-als suitable for use at either end of the temperature range or in corrosive environments, it is important to understand

their properties. JEOL is already building a more powerful high-tension, high definition atomic resolu-tion microscope for delivery in 1991. Called the the JEM APPRIATE it has proping of the second ARM1250, it has resolution of 1.2 Angstrom. It is being paid for jointly by the Max-Planck Society, the Baden-Württem-berg Land and the West German ministry for research and technology. The German scien-tists are confident that it will give them even more detailed information about the atomic structure of materials.

**TECHNOLOGY MARKET** 



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#### TELEVISION

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### All boiled down to human foible

see how much of the responsibility for the demolition of the Berlin Wall historians will attribute in television. It is not simply that for years the blevision aerials of East Berlin, and other parts of Bast Germany near the West German bonder, have been pointing west: that was largely because West Gerwas largery because west der-man news was quicker and West German enteriainment slicker, it did not necessarily inculcate a yearning for all-things methods

things western. But television had another role. These days it is very often role. These days it is very often the means by which a chilical mass of people — and the pun-is fully intended — knows when to arrive on the stress to demonstrate. This was true at least as far back as the Paris events. of 1988. Moreover, embarrassment at the picture presented by television to the world if such events are bruworld if such events are bru-tally curtailed by the govern-ment usually ensures nowa-days that Peterloo Massacres do not: occur. Tiananmen Square was, of course, an exception, but the Chinese Communists may yet come to regret that. More and more television

crosses international bound-aries with the result that viewers see how the rest of the world lives. The only way to stop a discontented population then learning from television when to make its move is to resort to Stalinist totalitarianism against both the broadcast-ing systems and the people themselves.

ITV's screening of Capital City is one of those occasions when it would be interesting for a television critic (on this newspaper, anyway) to know what the readers think. Here is a drama series/serial based in the dealing room of a City bank. In most important respects, of course, it could just as well be set in a hospital;

BUSH THEATRE

As far as the arts pages are concerned, Wexford is where

you go for a rare old opera and a rare old binge. But Billy Roche, son of a Wexford publi-

can and an actor to boot, has other ideas. His home town's a

backwater where quaint drips and no-hopers assemble in a dingy betting office on the eve of the All-Ireland Final.

of the All-reland Final. The Wexford hurling team. will grace the great day in Dublin. Young doxy Georgia (Gary Lydon), with a haircut like a lavatory brush, re-lives past triumphs against Cork and Leinster, boasts of the shirt he caught in the crowd from a star player. The cleaner

from a star player. The cleaner

law firm, or university because the stories are concerned chiefly with human foibles and they? relationships. So the characters - the tough woman boss, the charming rogue, the eccen-tric but brilliant computer freak, and so on - could all be

placed in any milieu. But how much are the expert viewers among FT readers put off by inaccuracies in the detail? There always are inaccuracies, as a newspaperman knows from newspaperman knows from watching series set in newspaper offices, as a sailing enthusiast knows from series involving sailing, and so on. Yet on the whole viewers seem pretty forgiving about this sort-of thing, so it is hard to know whather FT readers will be

whether FT readers will be apinttering with rage or smiling indulgently.

This is yet another British series which goes half way towards the modern American habit (most familiar from Hill Street Blues) of splicing together four or even six stories simultaneously, but for some reason the British always some reason the British always stop short of the real thing. When *Hill Street Blues* was first shown here its complarities seemed haffling, yet we learned very quickly to respond to a six-in-hand. It is time producers of British popular drama found the courage to go the whole hog.

Can we really have seen the last of Blackadder and

last of Blackadder and Baldrick? That freeze-shot as they came over the lip of the trench did not actually prove they were dead, did it? Industry gossip has it that writers Richard Curtis and Ben Elton and title role player

Rowan Atkinson were all screaming "Never again!" before this autumn's series was in the can, but we all know these theatrical types are terribly highly strung, don't we? When they have had a rest, and need some more money, they will come back

Poor Beast In The Rain

Compared with the Compared with the Americans, the British are extraordinarily profligate with comedy ideas. Whereas MASH runs to 255 episodes and I Love Lucy to 179, there are just 13 episodes of Faulty Towers and from Blackadder we have had six Plantaganet existing six Elizabethan (the episodes, six Elizabethan (the

best), six Regency, a Dickensian Christmas special, and the half dozen set in the First World War this season: about 25 in all. BBC comedy chiefs have always prided themselves on "leaving the andience wanting more" and the American idea

of script factories for successful series is treated successful series is treated here as anathema. The feeling is that while the Americans go for quantity the British go for quality. Yet a fair-minded onlooker would surely have to admit that many of the 255 MASH scripts are as good as most of Biackadder's. With ten to watch Blackadder perhaps it is time for British comedy chiefs to stop kow-towing to delicate artistic sensitivities and reintroduce a little of the old idea of keeping faith with old idea of keeping faith with your public.

Has anybody else noticed the commercial for a new Heinz compell's) made to some Chinese recipe? Why does the woman hover behind the man and switch one soup bowl for another? Why is the man "crying"? And why are his

oh-so-obviously giveerine tears running across his face at an angle of 45 degrees instead of obeying gravity? Presumably it is an involved joke which I am missing completely, but nobody else in this household understands it either.

\* It might have been an idea if, during the shooting of Mother

and make another series (set in Love for BBC1, director Simon the 1960s, perhaps) ... won't Langton had said to Diana Rigg "Darling that's simply Rigg "Darling that's simply marvellous - getting Lucrezia Borgia, Myra Hindley and Cruella de Ville all into the part of Halena is quite amazing, but how about trying it the hard way: see if you can under play it." We might then have had a cast who all appeared to be working on the same woisci, rather than one same project, rather than one anditioning for the Queen in Snow White while the rest perform an Agatha Christie drawing room thriller. There are other oddities in

ARTS

this adaptation. Though there were wholly nnnecessary scenes showing the children at their public schools being told of their mother's death, complete with establishing shots of Eton chapel, the trial of their mother's "murderer," so cruelly tricked by Helena, was left entirely to the viewer's imagination. We simply saw poor old George being loaded into the black

Despite all this, and a tendency for time to pess in a most confusing way (every time Kit and Angela scap one another in the bath they seem to have another baby) there is enough narrative power in Domini Taylor's original story to keep you wanting to know what is going to happen next. At present there seems no reason why Helene should not go on murdering her ex husband's new wives indefinitely - except that there is only one more episode to go.

There is one painful irony about BBC2's three-part about BBC7's three-part documentary series telling The Magnum Story. As the programmes have made clear, one of the reasons why this co-operative was formed in 1947 was that some of the world's top photo-journalists were determined to gain more control over the way in which



Drama in the dealing room, but couldn't it be any-where? Joanna Kanska in 'Capital City'

their pictures were displayed. They ssut them out to magazines and newspapers, magazines and newspapers, with instructions that they were not to be cropped, ths point being that the photographers had produced these images and they knew, as no intermediary could, how they intended the public to see them The trony is that producers Patricia Whsatley and Rosemary Bowen-Jones, who

Rosemary Bowen-Jones, who clearly have a high regard for Magnum with all its beart-searching, idealism, and democratic structure, have -as often as not - decided that they rather than the Magnum photographers know best how the onlooker ought to see the photographs. Instead of sticking to what should be a rock solid rule in all programmas ebout programmss about

photography (or painting) and showing the work as the artist intended, in its entirety, they have interposed their own sensibilities between artist and viewer and "editorialised." They start by focusing their television camera on some detail (the rifle in the hand of Capa's Spanish soldier, for instance) and only then soom out to show the whole picture. The result is an experience quite different from that intended by the photographer. That apart (and many pictures source shown straight away entire) it has been an extraordinarily impressive series, conveying not only Magnum's changing styles, but the unique spirit of the organisation.

**Christopher Dunkley** 

Rigoletto COVENT GARDEN

Revived swiftly for a third run, last year's *Rigoletto* production by Nuria Espert remains a sturdy affair. The action is expertly set out amid Ezio Frigerio's gloomy, towering walls and arches, though the 19thcentury evening dress is a matter of taste: it makes the Jester's position implausible, no doubt, but also helps the cast to stand and move less like Renaissance dummies than usual. The long intervals than usual. The long intervals are a pity. There are newcom-ers and old hands among the principals, none of them unwelcome. A notably forth-coming audience applauded almost svery number; I was willing to be moved, but wasn't for a moment for a moment

Returning to the titular role, Brent Ellis cuts a roughly pathetic figure, and his voice rises to all the impassioned moments with forceful effi-ciency. It boasts scarcely any variety of colour, nor any really plangent tone. Nor does he savour his words much; and like most mache Bullette he savour his words much; and like most recent Rigolettos (how one misses Gobbi) he makes too little of his court persona - which should be confidently sardonic and masty enough to seem daunting as well as hateful - to set his private anguishes in sharp relief

relief. Furthermore, his paternal distress is aimed at a daughter of the traditional, fraily inno-cent stamp, which is not what his usw Gilda offers. She is Judith Howarth, whose youthful sound suggests meture warmth and intelligence far beyond the stareotype, and net-ther Ellis's bearish protective-bess nor the insonciantly cool appeal of David Rendall's Duke quite connect with her. (A pretty, saintly imbedie would answer to them better.) Unsur-prisingly, her introductory "Caro nome" was tasteful but neutral: the finting morbidizza it requires is not her natural vein, nor does spontaneous Italian rubato come naturally to her conductor Sian Edwards. At best, it seems to come reluctantly and by numbers.

The stress might have accounted for his tendency to reach just the bottom edges of higher notes (one worried dur-ing all his unaccompanied moments whether the orchestra wasn't about to prove him flat, though that actually hap-pened only once); but the lazy modern elegance of his whole performance - a sort of oper-atic Jack Nicholson - still mads its mark. It was curiously complemented by Robert Lloyd's Sparafucile, a con-tract-killer of mysterious sophistication.

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If Miss Edwards left too many expansive phrases short-breathed and tight, the clean energy with which she invested the score paid honest dramatic dividends. The offs-tage male chorus, however, who contribute wordlessly to the climactic storm - a pure Verdi stroke, unabashedly sim-ple and telling - merely sounded like a male chorus practising bits of chromatic scales. The conductor and her colleague Robin Stapletou should read their Royal Opera programme-book, which includes a description of Verdi's precise efforts to get his original Venetian chorus not to sound like that.





Miss Edwards gave Rendall a hard time too in his "Questo o quella," where the relentless pressure of her beat cramped his clever, off-hand nuances.

#### SALEROOM

Not wild about Wilder In New York, Christie's got home safely on Monday night ~ just. It was selling 83 paint-ings and sculptures that the Hollywood director Mr Billy Wilder had collected over the past 50 years. After two hours he was \$32.6m (520.8m) richer. He will hand over 10 per cent of this, the buyer's premium, to Christie's, a fair recompense for a tense affair.

for a tense affair.

had to convince Wilder, the

man responsible for such Hol-lywood Greats as Sunset Boule-burd, The Apartment and Some

also minimal interest in group of tiny Picasso sketches that he threw off in Barcelona in 1902: they were mildly erotic and proved an embárrassment to the auctioneer, Christopher Burge. But these apart the auction

did well. There was a record of \$2m (£1.3m) for a portrait by Balthus of his niece, naked and uncertain in her bedroom. Two Christie's won the auction in competition with Sotheby's. It in a style reminiscent of a

woodcut, sold for \$1.5m (£991,000), a record for him, and among 11 artists' records

all told there were new highs for Saul Steinberg and Nicho-

las de Stael. Many of Wilder'e friends were bidding for the minor

works on paper and the man sat impassively throughout the

an impassively inroughout the proceedings watching his old decorations disappear. He is already planning a new collec-tion built around tribal art. French primitives and David

1. C. -

with "You and me would have never nearly nothin". And there is a strong whill of a stand still culture that refers romantic moodiness to Montgo-mery Cliff and pins pictures of JWK on the wall between the lists of runners at Kelso and Newmarket. But where, you

Newmarket. But where, you might ask on this occasion, is the bloody horse? Joe's Synge-like harking on past exploits is nearly exposed but not quite. Catherine Cusack's scrubbed and angelic Bilsen packs her bag to visit her mother, but the big scene with Danger is innocuous. After a hard night celebrating the team's win, Georgie is sud-denly and morosely alert to his

#### Red King Rising and Punch and Judy HALF MOON Grant Morrison's Red King Rising, dashed off in a fort-night between comic strips, is a triumph of the subversive around four simple panels and the outline of a fallen figure. Through these, like an impertment blue beron struts

then

imperiment blue herm struts Janet Dye's flaxen-haired Alice, her mouth painted to a scarlet dot of perpetual sur-prise, while her petiticoats rus-ile provocatively benesith her namy-starched skirts. Chris Craig now leads and now fol-lows her through the passages of the male mind, with con-tempt for "the stutiaring dea-con" and a tumescent fixation with girlish innocence. For the tormented paedophile, the age of 13 tolls like, the midnight bells for Jack the Ripper. Companiou-pisce in the awards is another two-hander, imagination over the moral universe. His realm is the murkier depths of the Victorian psyche, as displayed in the fan-tasy of Lewis Carroll and the farocity of Jack the Ripper. The two converge in the inner ear of the Reverend Dodgson, watched with precocious fasci-

nation by a beaky young ghi called Alica. This joint winner of the sec-ond Independent theatre award marks an exciting departure for Morrison Glaswegian comic writer whose latest addition to the Batman archives -ATL - 18 out this Punch lost love. Molly, the old flame and damp south, stretches out exotically, daring us to guess what she's thinking. month. As with comic humour, the originality of the place lies not so much in its subject as its perspective, which explores the macarbre significances of Neither ambiguous nor sinis-ter, the play is bedly organised and under-stated, despite all the sentimental blathering. Even in the close confines of Carroll's writing and applies it hack to the stammering mathe-matics don who was his alter matter don who was ins after ego, and whose passions were divided between obscure alge-braic problems and photo-graphs of pre-pubescent girls. Morrison's thesis - that Carroll and the Ripper are the result of a heritage of "buggery and bullying" going right back to the murder of Edward II -makes for some uncomfortable makes for some uncomfortable moments. But it is superbly realised in John Mitchell's pro-Michael Coveney

modern marital brutality as reflected in the archetypal knockabout of the Punch and Judy show. I dare say the connection has been made before, but Debbie

been made before, but Debhie Isitt's writing for Coventry-based Snaring Beastles is pun-gent and witty, using a mix-ture of verse and prose to knock home a few home truths 'about doméstic violence. Shs 'about doméstic violence. Shs 'also directs and plays Judy berself, cleverly avoiding the temptation to offset machismo with helpless feminity. Mark Kilhnurry plays Punch on more of a furious monotome than he of a furious monotome than he did in Edinburgh, possibly because he is not yet quite at home in the Half Moon. But it awards is another two-hander,

Judith Howarth

Molly (Déarbhia M olloy) hopes both teams lose and excoriates the layabouts, in particular Joe (Des McAleer), for being stuck in a rut, hopeless with women, boring to know. Roche's first play, Tumbling

Down, was rapturonsly received at this address last year, but Martin Hoyle did sug-gest that description of characters overtook visible evidence of inner workings. The same complaint sticks here. And not only that. Writing to a formula of a community revealing itself in the glow of large events, Roche wires up an action-packed week end of town dance, cup final and return of a nasty local hero, only to short-circuit the system by

first overloading it and then cutting out the power supply. Robin Lefevre's production Alexandr Marth

**Dearbhla Molloy** is further undermined by a fine Reglish actor, George Irving, as the returning Danger Doyle, messing up his accent on a stage full of otherwise authen-tic Bepnblican brogues. Accents only matter if the play itself makes a point of them. the Bush, which can flatter the most unadventurous of plays into a semblance of vitality, the evening is thin and disappointing.

This one does. Doyle took Eileen's mother off to London, leaving the girl' to tot up the bets in the shop while her father (Denis Quilli-Who was the real traitor? Who called Stephen a sunuch and why? Where does Molly live? Who actually owns the betting shop? These things matter when the dramatic gan) shuffles around pathetistakes are the low ones of cally on the periphery. The lines have a lilt all right; social realism. Molly can slap down Joe's claim to have bearly won her

**ARTS GUIDE** 

remains a solki Story, which has already been formed with an often brilliant mentioned in these pages as one of the finds of this year's physicality. **Claire** Armitstead Edinburgh fringe. Just as sinis-ter in its way, it is a story of

#### Kent Opera's plans for the future

misses as often as it hits. Chris-

gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-

. . .

fer from London (289 6200).

Chicago

dies in this mean-trans-

• •

La Cenerentola conducted by Kent Opera's new artistic Kent Opera's new artistic director, Ivan Fischer, has announced plans for the com-pany over the next three years, which will include the world premières of two new operas: by Peter Maxwell Davies (at the Brighton Festi-val) and Michael Berkeley'e first (at Cheltenham). Other new marketions will. Yehudi Menuhin; Ariadne auf Naxos; and Acis and Galaten staged in conjunction with the Theatre de Complicité.

Performances of Michael Tippett's King Priom are also planned at Covent Garden to mark the composer's 85th birthday, and the company will Mike Alfreds; a production of iting hal The Mogic Flate for Mozart's tres w anniversary in 1991; Rossini's region. make an annual tour to France as well as small scale tours visiting halls and community centres within Kent Opera's

November 10-16

Like It Hot, that it could make more money from his eclectic collection of 20th century art (a collection more remarkable for its nucles that its masterpieces) than arch rivals Sotheby's.

Sotheby's almost certainly offered Wilder a guaranteed advance of around \$19m; he would then have to split any higher return with the saleroom. Christie's, which does not give guarantees, breathed hard and convinced Wilder that it could bring him in over \$31m from the pictures, with a fair wind in the saleroom. It just succeeded.

Hockney. Such a sale, with the power of a Hollywood name, gives little guidance to the forthcoming auctions in New York this week which are expected to set a string of records for Impressionist and Modern art. This was as much This was not the kind of dec-orative art that appealed to the Japanese. It was a very per-sonal taste. Significantly the a social as an artworld occasion, but the good prices of \$2.7m (£1.7m) paid twice for works by Joan Miro suggested sonal taste. Significantly the one minor mastarplece, a Picasso classical head, was the major disappointment. It sold - for \$4.8m (Can pounds) but the price was below forecast. There have been too many of these classical heads on the that the serious money was in town and anxious to compete for the Monets, Manets, and Picassos to come.

#### Antony Thorncroft

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in Geneva on Monday. The firm paid SF1.815m (£700,772), triple the estimate, for a pair of Whe coolers made in Paris by Jean-Baptiste De Lens in 1732, an auction record for wine coolers. The two other lots, of soup threens and stands, were also unpublished pieces from the De Lens workshop. The group realised SF4.345m, the auction, with 96 per cent sold, SF7,992.072.

Back in London, high prices were fetched for Japanese por-celain and manuscripts at Christie's. A Kakiemon vase of around 1680, decorated in three panels, doubled its estimate by selling for £242.000, while an Arita blue and white hexago-nal vase embellished with bo-ho birds made 699 000

British works of art proved less successful. At Phillips yesterday, the Henry Moore maquette for the Madonna and Child at St Peter's, Claydon was bought in at £90,000 and the small floral Graham Sutherland suffered the same fate; but Sutherland's study for the Northampton Crucifixion raised £30,600. The top lot, Jack Yeats's Meditation, sold on target for £110,000.

THEATRE London . . CREDET AND PHONE 245 6888 OR 259 6473 Anything Goes (Princs Edward). Cole Porter's silly ocean-going 1980s musical has four or five DEPOSIT ACCOUNTS .... OPENED marvellous souge and klaine Paige failing to emniate Ethel Merman, Jerry Zehr's despar-ately height production comes from the Lincoln Center in New York and is undemanding sum-marting fore (2014) 2551 or 828 1000 ALLO BRITH 2428). A Life in the Theetre (Hayman-ket). Slight but enjoyable David-Mamet early play anglicised to reflect the last days of weekly rep and notable for the return to the stage of a allefty accom-plished technician, Denholm Ell-iott (\$30 9822). Ends Dec 2. Jeffrey Bernard Is Unwell (Apollo). Brillient performance (Apollo). Brillient performance (Apollo). Brillient performance JOHN ASPINALL PLC 64 SLOANE STREET SWI 9SH NEXT LEADER OF THE CONSERVATIVE PARTY KENNETH BAKER 7/4 MICHAEL HESELTINE 3/1 SIR GEOFFREY HOWE 7/2 JOHN MAJOR 7/1 Special Bet CECIL PARKINSON 10/1 9/4 anyone other than TOM KING . 10/1 Mrs. Thatcher to lead CHRIS PATTEN 12/1 Conservatives at next NORMAN TEBBIT 18/1 General-Riection. KENNETH CLARK 22/1 33/1 11 100 To Win Most Soats

#### PRICES AVAILABLE ON MAJOR SPORTS EVENTS

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by Peter O Toole as an alcoholic. mailst who embodies aFalffian, nay-saying life force staffian, nay-saying life force while committing public suicide by wolks. Keith Waterhouse has stitched a fine play, the season's highlight (437 2663). A Little Night Music (Pincedilly). Fine revival by Ian Judge, im-ported from Chichester, of Son-dhem's 1973 schlagobers version of a Bayman film. A heautiful of a Bergman film. A beautiful score, composed mostly in waitz time, is touchingly performed by Lila Kedrova, Dorothy Tutin, . Peter McKnery and Susan Hampshire (867 1118). Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshineky, about a white South African fam-

ily in Cape Town and Medida Vale. Albert Finney plays father and concert planist son across 35 years, suggesting that talent is a means of escape and a rea-

son for not going back. Janet Summan and Stra Kestelman are electrifying in support (857 1116). M. Batterily (Shaftesbury). Peter

Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in Soba Denter's superb production as a metaphon of homosegnal life. The transves-tile tragedy proves less electrify-ing that in New York; the play is not very good but still worth seeing (379 5399).

#### New York . .

Heidil Chronicles (Plymouth). Wendy Wasserstein's award-win-ning drama covering 20 years in the life of a successful American haby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1960s, accompa-nied by the musical and emotional flavour of the period (239 6206); Sweeney Todd (Circle in the

Square). An intimate production of the Soudheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into mainess of Bob Gunton as the demon barber of Flest Street (289 6200). Lead Me a Tenor (Royale). A sprucing up in the set of a decay-ing town's big time opera ambi-tions makes a transatlantic hit of this dama float and the and the set of a of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (339 6200). Bamon's (Broadhurst), Neil Simon's latest comedy is a salfconscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that

play the leads in this view of southern life from under the dry-ers in a busy hairdnessing estab-lishment (368 9000 tine Baranski leads an ebullient cast in the inevitable but disap-A Chorns Line (Shubert), The ment (968 9000). A Charms Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage stury in which the songs are used as antitions rather than emotions (239 5200). Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's sweep of history and pathos brings to Broadway les-sons in pageantry (239 6200). Tokyo

Kabuki At Kabuki an (541 8181): Kabuki. At Kabuki as (541 8181); an opportunity to see two of the best-loved classics of the tradi-tional theatre. The liam pro-gramme includes *Sonezaki Sthingu* (Double Suicide at Sone-zzici), based on the moving puppet drams by the "Japanese Shakespeare", Chikamatsu. The highlight of the 4.30pm programme is Sukeroku, whose gramme is Subtroat, where a swaggering hero performs a famous dance with an umbrella. At the National Theatre (266 7411): Reigen Kameyama Hoko (Ghost Turtie Moionian) is a dra-matic and spectacular tale of murder and revenge.

ing its famous romantic musical set in 18th century France, A plot summary in English is printed in the theatre pro-gramme. Takarazuka Theatre (201 7777).

Koknnsenya Gassen. New play by Hideki Noda, with a title drawn from a famous puppet play by Chikamatsu, Ginza Saison Theatre (5478 0771).

Driving Miss Daisy (Briar Street). The touching relation-ship between a dowager, played in this production by Dorothy Loudon, and her black chanfeur exposes the changes in the South in recent decades (348 4000). Steel Magnelias (Boyal George). Ann Francis and Marcia Rodd Desire Under the Khms. Eugene O'Neill's powerful drama about human values and property val-ues should shike a chord in the city with the world's most expen-sive real estate: Performed (in English) by the Denver Center Theatre Company from the US. Halmhinkan Theatre (944 5451).

Yongzheng mark and period, made HK\$12.1m. An early Ming blue and white fluted brushwasher decorated with drag-ons, another rarity, sold to Tokyo dealer Daijindo for HK\$11.22m, estimate HK\$6.8m. Over 400 bidders, mostly from

Hong Kong, Japan and Taipei competed for the 340 lots, all but 3.4 per cent of which sold comfortably over target for HK\$124,158,650 (£10,012,794). London dealers S.J. Phillips scooped up the top three lots at Sotheby's European silver sale

market recently and their price is steadily dropping. There was

Meanwhile, Susan Moore reports that Sotheby's 31st Series of Hong Kong sales abot off to a spectacular start yes-terday. A rare imperial "famterday. A rare imperial "fam-ille-rose" cup, 8.1cm high, enamelled with four geese amid rocks and follage, and inscribed with poetry, doubled the auction record for a piece of Qing porcelain. Hong Kong dealer Robert Chang paid

HK\$16.5m (£1,330,645) against an estimate of HK\$3-5m for this unusually small vessel. It had sold in 1946 for £420. Another fine imperial "fam-ille-rose" piece, a baluster vase snamelled with songhirds beside full iron-red blossoms,

The Rose of Verseilles. A must for connoisseurs of kitsch. The all-girl Takarazuka Revue cale-brates its 75th birthday by reviv-

1966 is a somewhat pretentious and obvious meditation on the true story of the French diplomat a male Chinese time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's

sense in pageantry (289 6200). Me and My Girl (Marquis). Even if the plot turns on ironic mim-icry of Pygmalion, this is no clas-sic, with forgettable songes and dated leadenness in a stage full of characters. It has nevertheless to characteris, it has nevertheless proved to be a durable Broadway hit (947 0083). M. Butterfly (Engens O'Neill). The surprise Tony winner for the surprise Tony winner for

### FINANCIAL TIMES

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Wednesday November 15 1989

### Speaking for Europe

NEXT MONTH'S meeting between Presidents Bush and Gorbachev in the Mediterranean has been generally welcomed in Europe. Tha US has good reason to take advantage of the weaker and/or more benign regime now in power in Moscow to improve hilateral relations, and Europeans stand to benefit from that in so far as it contributes to a lowering of tension on their continent and facilitates the establishment of normal relations between its two halves.

18

But the pace of change in astern Europe, and especially in East Germany, now seems likely to thrust the future geopolitical structure of the continent into the centre of their discussions. Inevitahly, some Europeans have hegun to rhyme Maita with Yalta, and to worry that even these relatively enfeehled snperpowers may make one last attempt to dictate the future shape of Europe over the heads of its inhahitants.

Few European leaders have forgotten the Reykjavik sum-mit three years ago, when President Reagan without con-sulting his allies almost let himself be bounced into a dishimself be bounced into a disarmament agreement that would have had very far-reaching implications for European security. The style and charac-ter of his successor make any repetition of that experience very unlikely, but it is surely appropriate that this time the leaders of western Europe are to concern their view at an to concert their views, at an impromptu summit in Paris this weekend, and make them known to the US President beforehand,

#### Self-determination

What should those views be? West Germany and all its allies are on record as favouring self-determination for the East Germans, and there is an increasing, perhaps excessive, tendency to assume that this will, if fully and freely granted, result in the unification of the two German states. Mr Gorbachev for his part has repeat-edly intimated that this can only happen if and when the alliances to which the military two states belong are dissolved. In theory his hiaff could be called, but that surely would involve greater risks least until such time as most Soviet conventional forces have been not only withdrawn from eastern Europe but dis-mantled, and a new European security structure set up including all the members of both the present alliances. The best policy at this stage must be to proceed with caution, stressing the need for political and economic improvements within East Germany such that its inhabitants do not feel an immediate or desperate need for either unity with or emigration to the West. even though hoth are their undoubted right.

#### **Economic** assistance

So the West must continue to insist on the holding of gento maist on the holding of gen-uinely free multi-party elec-tions in East Germany, at the earliest date (prohably next spring) consistent with allowing the opposition time to organise. In return, economic assistance will have to be offered on a considerable scale. This cause is one thet West Germans will readily dip into their pockets for. The role of West Germany's European pertners may be to ensure that the claims of other East European countries are not forgotten in the excitement. Poland and Hungary, after all, are further ahead in the process of democratisation, and their needs (especially those of

Poland) are even more acute. The President of the European Commission and the French foreign minister will be well placed to make this point, since they arrive in Paris direct from a visit to Poland and Hungary. But they will hardly have had time to draw up the comprehensive plan of action that is required. Such a plan surely should be ready by the time of the regular summit in Strasbourg next month.

French anxiety that eastern Europe's needs do not become an excuse for delaying progress on economic and monetary union is understandable, and Mrs Thatcher's attempt to suggest that there is a contradic-tion between the two is not convincing. Where she is right is in saying that "the details of the Community's internal business" must not be allowed to prevent western Europe from assuming its responsibilities. towards eastern Europe, at an

extraordinary turning-point in

the continent's history.

**Two-tier service** 

#### agreed offer for Combustion Engineering, Percy Barnevik, Asea Brown Boveri's president, is close to achiev ing an objective he had been hoping

ith his \$1.6hn (£1hn)

Hydro

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to reach in five years - to obtain at least 35 per cent of his Zurich based company's revenues from North America. The bid for Combustion Engineer-

ing - a power and process engineer-ing group based in Connecticut -illustrates both tha determination behind Mr Barnevik's declared intention of securing world leadership for ABB in the power field and his char-acteristic speed of action. Talks with the Combustion Engi-neering board started only six weeks

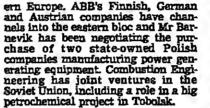
ago. To start with, they focused on achieving some form of co-operation in the power generation business. Mr Barnevik had just completed the \$750m purchase of Westinghouse Electric's transmission and distribution operations. Plans to merge the two groups' production of power generat-ing equipment had been thwarted. however, by the US anti-trust authori-ties and Westinghouse had signed a new technical co-operation agreement

with Mitsubishi of Japan. The fit between ABB's turbine-man-The fit between Abb s till billehind ufacturing installations in the US and Combustion Engineering's steam-gen-erating bollers and coal and oil-burn-ing technology clearly offered a better chance of avoiding anti-trust action. But talks soon went further. "We found synergy in all dimensions, in geography, products and industrial sectors." Mr Barnevik says. Combustion Engineering's process engineering skills in chemicals, petro-

chemicals and paper-making match those of ABB in the metallurgy and cement-making. The US group's expertise in automation and measure-ment control is close to ABB's robot manufacturing. Both groups possess advanced environmental technologies. Quickly, Mr Barnevik came to an understanding with Charles Hugel, Combustion Engineering's chairman, over an offer of \$40 a share. His North American ambitions were realised and surpassed: the addition of Com-bustion Engineering's \$3.5bn annual sales would take ABB's worldwide turnover to around \$25bn, with \$7bn in North America.

Right from ABB's creation in Jannary, 1988, Mr Barnevik had given notice that the treasure chest of more than \$4bn he had inherited, largely from Brown Boveri, would be used primarily to build up the group's US presence. North America accounts for 30 per cent of the world market for power generating and transmission equipment; the newly merged Euro-pean group drew only 9 per cent of its turnover from the region. While other companies were trying to pull out of an apparently unprofitable business, Mr Barnevik had just committed ABB, which depended on electrical power equipment for more than half its sales, to achieving world domi-

Yesterday he said that the Combustion Engineering takeover would mark a fundamental change for ABB. It would no longer be a Europeanbased international operation but a business standing on two legs, one in Europe, the other in the US. "We are buying a US corporate structure. We are now Americans in America with a \$70n business there, of which \$1.50n is exports," he said. Combustion Engineering would also



he announcement in August, 1987 of the merger between Asea of Sweden and Brown Boveri of Switzerland was a signal for rapid change in an industry in which little had happened for 40 years. Mr Barnevik likens it to turning a ketchup bottle upside down - at first nothing happens, then everything

ABB has played the crucial role in his restructuring. In the 22 months since its merger it has spent - even before the Combustion Engineering hid - some \$1.7bn on joint ventures and acquisitions involving 60 compa-

In addition to planting ABB's roots firmly in the US and planning to grab a bigger share of the Asian market, Mr Barnevik has been assidnously pursuing a third goal: to give ABB a competitive edge inside the European Community's single market after 1992. Last year the group made 64 per cent of its sales in western Europe, and, though ABB's two founding compa-nies are both based outside the EC, West Germany provides its biggest domestic market. The European electrical engineer-ing industry, not least the important railway equipment sector, is high-cost and fragmented into many small, state-owned or subsidised companies. Up to 85 per cent of Europe's heavy

#### Nuclear 13.6% **ASEA Brown Boveri's major deals** October 1985 - joint venture with Siemens to develop and sell high-temp ar neacior 1988 - buys AEG's steem-turbine business in West Germany - no price announced. Nevember 1988 - buys electrical engineering division of Franco Tost. $\bigcirc$ Italy - price under arbitration. - agrees with Finmeccanica/Angeldo to form four joint January 1989 Gas turbine venture companies in Italy with sales of some \$1.2bn. Fossil Combined ury 1989 - takes 40% stake in BREL, British Rail's 57.3% engineering subsidiary, together with Trafalger House (40%) and a management Worldwide group (20%). installed February 1989 - establishes joint venture in North and power station South America with Westinghouse in capacity electrical transmission and distribution equipment: in October announces will up to 1987 lortnob etelorino exist of notice solution at end of year - investment \$750m." joint venture with Jeumont Schneider France, in industrial drives, Total= 2,816 Gigawatts luguet 1989 - offers to buy and restructure CCC electrical engineering group, Spain, Source: LES Securite still waiting response from Spi govt - investment \$90m-\$100m 1989 - announces tender offer worth \$1.6bn for Combustion

William Dullforce and Nick Garnett look at the rationale behind ABB's acquisition of Combustion Engineering

When the ketchup starts to flow

electrical goods are produced and con-sumed in the same country. Only 2 per cent of publicly procured power plants have been supplied from neigh-bouring countries. Changes in public

bouring countries. Changes in public procurement rules, an integral part of the 1992 programme, will lead, Mr Barnevik calculates, to a drop in the price of turblue generators and rail-way locomotives of up to 20 per cent. So ABB has been getting in shape with a programme of sharp cuts in costs and capital needed. It has taken effective control of the Italian heavy electrical engineering industry

electrical engineering industry through joint ventures with the Fin-meccanica/Ansaldo group, consoli-dated its position in the vital German market and secured alhances in some important product sectors, such as omotives

The creation of ABB has helped bring about an industry-wide restructuring. Two years ago power engineer-ing was dotted with fiercely indepen-dent manufacturers hiding behind impenetrable national boundaries.

This structure has now crumbled. The pressures behind this wave of venture with Combustion Engineer-ing but this collapsed before it had started and the American company change include a precipitous slide in demand. The world export market for switched allegiance to ABB. Siemens. Number one in Europe in steam turbines slumped from 37,000MW in 1981 to 7,600MW in 1985 before picking up to 11,000MW last

nuclear stations. It also has a smaller joint venture with ABB in high tem-

Siemens still does not have much of perature reactors. a presence in North America. Its only joint venture in steam turbines (extended to gas turbines this year) is with Bharat Heavy Electrical in India. But Siemens is having talks with GE on power transmission and distribution equipment. "We are not in a posi-tion to comment on this at all just

now," says Siemens. General Electric. With Westingh-ouse apparently sliding out of the industry, Comhustion Engineering multiple to taken over and Bab agreeing to be taken over, and Bab-cock and Wilcox talking to NPI. GE is a bastion of independence in the US power engineering industry. Apart from the talks with Siemens. its long standing licensing arrangements in gas turbines and a minority stake in GEC-Alsthom's gas turbine busi-ness, it remains apart. However, it surprised the industry at the end of surprised the influstry at the end of last year by announcing a joint mar-keting deal in switchgear with Japan's Fuji Electric covering the Far East and Middle East.

East and Middle East. Further realignments are likely, perhaps involving a hig joing venture for GE or an attempt by Siemens and GEC-Alsthom to establish themselves in North America. And Japan's big power-engineering groups still have no full joint ventures with outsiders; in the race to link up with a Japanese partner, few would bet against ABB being first. being first.

However, questions surround the ability of the big new groupings to run themselves effectively. One smaller supplier has described them as "amorphous". At GEC Alsthom, for

as "amorphous". At GEC-Aisthom, for example, the two companies are about to announce a fully merged European gas turbine husiness but, there have been no plant rationalisations since the group was formed. ABB'sstrategy appears to be three-fold: to have manufacturing plants in domestic markets which remain closed to companies that do not have production capacity there; to use a global plant network as a basis for rationalised, focused plants so as to rationalised, focused plants so as to become the world's lowest cost producer; and to become a complete supplier of all relevant products and tech-

nologies. So far, the speed with which ABB's management has been putting this plan into action appears to be paying off. In the first nine months of this year the group recorded pre-tax earn-ings of \$601m, up by-68 per cent over the first three quarters of 1966. Sales had advanced by nearity 15 per cent to had advanced by nearly 15 per cent to \$14.1bm

Some board members asked whether, after two years of dramatic action, the small top management staff in Zurich still had the capacity to cope with the integration of as large and diversified a company as Combustion Engineering. Implicitly, they were asking whether ABE was biting off more than it could chew.

Percy Barnevik's answer was confi-fent. ABB, itself decentralised into 3,500 profit centres, was taking over a self-contained company with a similar decentralised structure. Integrating Combustion Engineering was mile Combustion Engineering was quite different from merging Asea with Brown Boveri, where there was much overlapping and costs and capital had to be squeezed out. Some rationalisa-tion would be needed but the biggest impact would be on the marketing side. Basically, however, the two com-panies could "run side hy side." None the less, running ABB is an enormous challenge. It started with 800 companies spread across 140 coun-800 companies spread across 140 coun-tries. After two years of acquisitions and few sell-offs there are probably more companies and 200,000 employ-ees. The group's results have been achieved, says Mr Barnevik, by allow-ing low level managers great indepen-dence. And despite the doubts of some of his board, he sees no reason why this should not work with Combus-tion Engineering. tion Engineering.

(for him and for us) than are justified. To accept his condi-tion would be equally risky, at

### Goodbye to London

THE DECISION to move about 2,000 jobs at the Departments of Social Security and Health from London to Leeds is a senaible long-term response to the competitive pressure public sector employers are under in the sonth-east. Yet it raises important questions about the future management of the ser-

The report on which the decision was based provides a catalogue of difficulties which public sector employers face in the south-east, some of which can be laid at the Government's door.

There are acute difficulties in recruiting a wide range of staff, from secretaries and typ-ists to medical officers and lawyers. Office costs continue to escalate. Staff morale has suffered because not enough money has been available to maintain 40-year-old huildings, mend dranghty windows, replace lifts or comfortably accommodate computers and modern telecommunications. A staff opinion poll found most people associated London with crowded and unreliable trans-port, congestion, dirty streets and trains, noise and expense.

The report also criticises the Government's past responses, which have been to move routine sdministrative tasks away from London, without decentralising senior management. This separation has lowered morale in the provinces, made management more difficult and so created inefficiency. It is a step forward that in this move managers responsible for the delivery of social security benefits and the National Health Service executive will be moved to Leeds, along with their administrative staff. With modern telecommunications and computer systems, it is far less necessary for senior staff to remain in London.

#### Growing diversity

The change will contribute to a growing diversity in the Civil Service's organisation. in some departments, such as Social Security, policy work for ministers will be done in London, while the management of services, such as the delivery of becefits, will be handled in Leeds. At the Health Depart-ment, the line will be far less

clear cut. National Health Serclear cut. National Health Ser-vice executives will provide British Rail with healthy reve-nues by shuttling to and from London. At the other extreme, most of the Treasury will remain in Whitehall. Investing in

The risk of regional disperthe stage sion is that the service will fragment. An important part of training for senior civil ser-The Financial Services Act did a disservice to the theatre. It made it more difficult to vants is inter-departmental transfers. While most of the transfers. While most of the service was located in London these were quite easy to arrange. Yet in the future they will be asked to move to the north and back again, and from glamorous policy work to the management of the social security department's retail outlets. To generate this mobil-ity, and ensure the Civil Ser-vice does not fail further finance plays because every-thing in the way of raising cap tail had to be done by rules. According to Robert Cogo-Faw-cett, however, the problem may have been overcome by a new way of appealing to invest Cogo-Fawcett is a producer.

He was partly responsible for the West End productions of The House of Bernada Alba vice does not fall further behind in the recruitment race, the Governmant needs to and Serious Money. Where he differs from many people in the theatre is thet he has also ensure that civil servants have mobility packages in line with those on offer in the private sector. These would help to create a national Civil Service and break London's monopoly. been to husiness school: at least, he did an arts business course at the City University before becoming finance direc-tor of the Royal Exchange Theatre in Manchester in 1976. He stayed there five years

before returning to London Otherwise, there is a risk to be administrative director of the Riverside Studios in that a two-tier Civil Service will be created, with most of Hammersmith. He had acted the policy power remaining in the hands of a smaller élite in a bit, was interested in the husiness — and also the build-ing — of theatres: but the Whitehall and more humdrum managerial tasks in the provambition was to produce. Cogo-Fawcett, now 39, says

The market sets the context that he used to raise money for plays by relying on a few elderly investors: retired bookfor relocation and regional policy decisions. The rising wages, transport, office and housing makers are apparently a good source to tap. But the investors were dying off and the Finan-cial Services Act tightened the costs of the sonth-east are driv-ing employers and workers to lower cost areas. Yet such lower cost areas. ret sncn moves are not simply guided by a hidden hand. Local coun-cils in the north should capital-ise on mounting dissatisfaction with the quality of lifs in Lon-don by improving the quality of the social waturd and show rules. Before the FSA, a company set up to back a play had no legal status, paid no corpo-ration tax and was wound up when the production was over. There was a list of potential of the social, natural and physinvestors which circulated ical environment they can offer, especially to skilled workers. The state of the enviinformally.

Now the theatre must con-duct its affairs like any other company. After taking plentironment and the quality of life are becoming as important in relocation decisions as the cost ful advice from lawyers, Cogo-Fawcett may have found the of office space and housing. Who in their right minds answer in setting up plcs for individual plays. The prospecwould prefer to commute on tuses conform to all the rules London Underground's northof the SIB. ern line when they could start

Two are on offer at present: one for Barnaby and the Old Boys by Keith Barter which their working day in the York-shire Dales?

help ABB attain another strategic objective - raising sales in Asia from 13 per cent of total revenues to 20 per cent. ABB's expansion in Asla depends less on big acquisitions than on building up ABB's own potential in countries such as China and Indon-esia. Combustion Engineering already has Asian outposts which should be useful in pursuing this programme,

says Mr Barnevik. ABB and Combustion Engineering also complement one another in East-

a London home.

Top prize

are eligible to enter: colour

Bond's house

about to make some money. A grand house on Hong Kong's

located between the American

famous Peak is up for sale.

The house is strategically

**Consul General's residence** 

owned by Peking's Xinhua

News Agency and used as a

Peter Lucas, managing direc-tor of Bond's Hong Kong com-pany, has been suddenly palled back to Australia to revamp

ths group's public relations effort. Bond has virtually no work in Hong Kong now, so

Lucas is not being replaced and his house is on the market. It could fetch about £3.5m -twice the purchase price in May 1987. That, incidentally,

guest house.

and a prominent mansion

future.

£33.000.

year. The US market has been mori-bund for years, nuclear programmes in many countries have come to a halt. The cost of product development has soared. And traditional offerings are no longer enough: new equipment

such as gas turbine-powered plant, has become increasingly important. The centre of the restructuring activity has been in Europe. The game has been to form power blocs in continental Europe with manufacturing and joint venture tentacles into

the 1970s, it is now only the third largest supplier. Its two divisions (KWU for power generation and EV for distribution and transmission) appeared to have been left out of the appeared to have been lett out of the reshuffling. In the past six months, however, Siemens has leapt into action, at least in the nuclear field. KWU has pooled marketing, sales and development of PWR reactors with Framatome of France to form a new company, Nuclear Power Interna-tional (NPI). This is now in detailed negotiations with Babcock and Wilcox in the US on a joint venture in

the US. A string of smaller suppliers has been gobbled up and the power equipment industries of Italy and Bel-

gium have been bought out, as have parts of the Spanish industry. Through a tide of takeovers and joint

have emerged in Europe and North America. Apart from ABB, these are the British-French grouping of GEC-Alsthom, West Germany's Siemens and General Electric (GE) of the US:

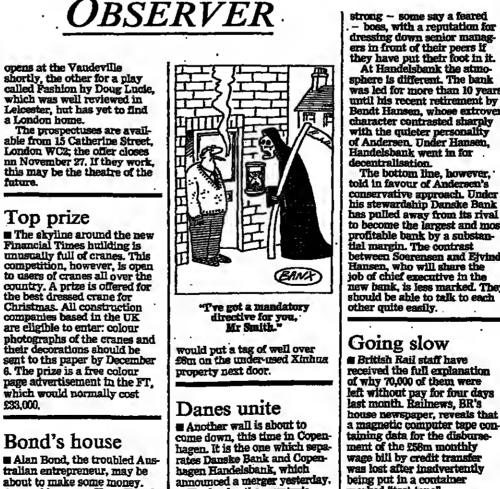
• GEC-Alsthom. After the formation of ABB, GEC, the UK's biggest power

engineering company, pooled its energy and heavy equipment husi-nesses with Alsthom to form Europe's

second largest power grouping. This company has subsequently taken over part of the Belgian equipment indus-ity and EVT, a West German boiler

maker. However, its attempts on the North American market appear to

have been scuppered, at least tempo-rarily, by ARB's purchase of Combus-tion Engineering. GEC-Alsthom had announced earlier this year a big joint



The banks, the country's

two biggest, occupy neighbour-ing eighteenth century man-

sions on Copenhagen's Hol-mens Kanal, and it should take

only a few minutes to put in a door between the two, so that

the chief executives, Danske's Knud Soerensen and Handels-

bank's Hans Ejvind Hansen, can talk face to face.

The merger took the finan-clal community by surprise. It is not so much that the

banks are arch-rivals as that their cultures are very differ-ent. Danske Bank has been

run by Tage Andersen, who retires in February, on thor-

oughly conservative principles, with himself in the role as a

was led for more than 10 years until his recent retirement by Bendt Hansen, whose extrover character contrasted sharply with the quieter personality of Andersen, Under Hansen, Handelsbank went in for decentralisation. The bottom line, however, told in favour of Andersen's conservative approach. Under his stewardship Danske Bank has pulled away from its rival has pulled away from its rival to become the largest and most profitable bank by a substan-tial margin. The contrast between Soerensen and Elvind Hansen, who will share the job of chief executive in the new house the security in the new bank, is less marked. They should be able to talk to each other quite easily.

Going slow British Rail staff have received the full explanation of why 70,000 of them were left without pay for four days last month. Railnews, BR's house newspaper, reveals that a magnetic computer tape containing data for the disburse-ment of the £58m monthly wage bill by credit transfer was lost after inadvertently was lost after insolvertently being put in a container marked "test tape". Four passenger trains and a freight train were caught up in unofficial strikes before BR defused the situation by

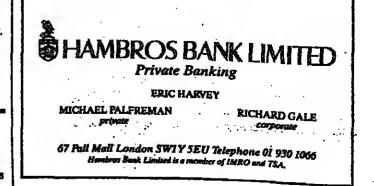
promising to meet any bank charges arising from the delay. BR says it was the first glitch in its automated payment system for 20 years, and is still trying to persuade its other 50,000 workers to make the switch from cash.

#### Soft sell

Sign over an immaculate second-hand Rolls-Royce in the window of a West Midlands garage: "Acceptable Gift."

If you don't conform to any stereotype it's best to bank where the difference is appreciated.





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### Ivo Dawnay on the threats and challenges facing Brazil.

T wenty-nine years ago today 15m Brazilians elected as their Presi-dent a young politician standing on a platform of wholesale social reform and outright war on official corruption. Mr Jamo Quadros was as long on charimus as he was short of temper His resignation within a year payed the way for his vice president - Mr Jono Goulart, a populist firebrand - to take office. Not long after, the tanks rolled on the presidential palace. Today, 82m Brazilians return to the ballot boxes to elect directly a President

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ballot boxes to elect directly a President for the first time since then. If the polls are to be believed, they are about to favour Mr Fernando Collor – another

favour Mr Fernando Collor — another hottempered young tyro standing pre-cisely on Mr Quadros's platform. Furthermore, his chief rival is Mr Leoned Brizola, the vateran socialist who in 1964 tried to raise a people's militia to halt the ousting of his broth-er-in-law, the same hir Goulart. But, with 22 candidates in the field it is very unlikely any will emerge with an over-all majority, making a run-off on December II trackelly certain. December 17 practically certain

Memories are short and only half the citizens eligible to vote in today's first round polls were alive before the gener-als took power. But the parallels raise the question of what has changed in the intervening decides.

intervening decades. In economic and demographic terms, Brazil has been transformed. The popu-lation has doubled to over 140 million, shifting overwhelmingly from the coun-irystife to the cities. A largely agricul-tural economy has become an industrial one with manufactured exports now

one with manufactured exports now exceeding those from the farm. In political and sociological terms, much remains the same – the *fareia* shuns merely replacing the old planta-tions. The country's wealth distribution figures continue to top the World Bank's black list. Universities and quality health care remain an all but exch-sive privilege of the rich while 65 per cent of the population fails to pass pri-mary grade education. Ferhaps the most significant change

in the last 29 years is a growing convic-tion that this can no longer continue. since the Second World War, Brazil has sustained its social inequalities through an average 6 per cent a year growth rate — safely ahead of the 2 per cent a year population increase. But the cake shrunk through the

cle" in the late 60s - has turned into outgoing interest payments, haemor-rhaging precious hard currency reserves at the rate of 3 per cent of gross domestic product a year.

The bankrupt government of Presi-dent Jose Samey is now unable to maintain even basic infrastructure and the annual public sector deficit, now estimated at up to US\$17bn, has helped trigger the second moratorium on com-mercial bank debt servicing in under three years.

Taken together, most academics and many businessmen believe a watershed has been reached. "The country is on the edge of a social explosion," says Prof Helio Jaguaribe, political econo-

### The elections are the easy bit



Two presidential contenders: Luis Inscio de Silva 'Luis' and Fernando Collor

mist and the author of "Brazil 2000", a government-commissioned bhaprint for reform. The symptoms of deterioration are so grave we are obliged to forecast a catastrophe capable of happening in the short term."

To avert that catastrophe, the old Conservative right has now hitched itself to the populist wagon train-led by Mr Collor. There is a widely held con-viction that - as a scion of the ruling class - his reformist metoric will be

tempered by pragmatism in office. And indeed, taken off his public plat-form and put into a businessman's seminar, Mr Collor makes all the right noises, in favour of freer markets, less government interference and desper-

government interference and desper-ately needed foreign investment. If his views on debt are eccentric -acall for a return to renegotiation on a bilateral basis between original lender and original borrower - most believe they will be set straight when his repre-sentatives sit down with the hardmen is Official Bark America officer

in Citibank's Park Avenue offices, Curlously, perhaps, a fair proportion of the establishment also believe that Mr Brizola is a containable if less mal-leable force. Should he win the Decemleable force. Should he win the Decem-ber 17 second round run off, then Bra-zil's dominant class — as he likes to call them — will be braced for some fiery gesture politics before the back-room negotiating begins. But few believe that he will again risk provok-ing the military. "We are not worried about Brizola," a senior general told the

drawing from groups as far spart as busineesmen fiel up with the country's feather-bedded cartels, to middle-class revolutionaries, burning with outrage at social injustice.

at social injustice. Only two truly "modern" candidates stand any chance of reaching the sec-ond round run-off. The first and closest is Mr Luis Inacio da Silva – universally known as Lula – whose full-bearded sincerify and genuine proletarian roots in the Sao Paulo trade union inovenant here compared as movement have cemented a cross-class coalition, between blue collar workers, intellectu-

als and the radical Catholic Church. His Workers' Party (PT) is probably the single most significant new force since 1964. However, its corporatist vision and zenophobic rhetoric alienate many who believe that Brazilian devel opment can no longer be a purely local affair, conducted in isolation.

Furthermore, victory for Lala would be seen by many in the military as a provocation and would test whether the

generals are sincere in their professed. support for democracy. More widely acceptable is the fourth-placed candidate, Senator Mario Covas. A soft-spoken Social Democrat, Mr Covas's administrative experience as Mayor of Sao Panlo and formidable par-

hamentary skills make him well suited to create consensus on a new social

order. But his refusal to adopt the extrava-gant language of populism has left him an outside bet for the second round, although he has come up from behind in the most recent polls. Most analysis now believe that the crux of today's vote is which of the left wing candi-dates - Lula or Brizola - is to carry the socialist hanner into the run off against Mr Collor. against Mr Collor.

against air Collor. There is also a growing view, that Lula – with his Sao Paulo power base and better party organisation – stands a much greater chance than his rival in winning through to the presidency. Getting elected is the easy bit, how-ever. On taking office, any new presi-dent will immediately have to persuade a bighty conservation Congress in agree

acti will immediately have to persuade a highly conservative Congress to agree radical measures to control the econ-ony. There is no doubt that if these are to be successful, they must cut across the "rights" of job-secure civil servants, subdidised farmers, cosseted industrial-ists, and other powerful lobbles. September has now shifted to one of competing monetary policies within a framework of fixed exchange rates. The plan arvisages complete participation in the Exchange Bate Mechanism (in the UK's case when the usual conditions

ists, and other powerful lobbies. Many believe that, like President Car-los Menem of Argentina, the new incumbent must pray for hyper-infla-tion as the crowbar with which to break the threatened deadlock and speed the necessary measures through under emergency powers. Every economist agrees that Brazil's formidable natural wealth and skilled labour force make it a country of sector are met), together with the removal of artificial barriers to the use of pariner currencies within the Community. It

opposes the need for the cen-tral co-ordination of monetary labour force make it a country of vastly infulfilled promise. The right adjust-ments, taken quickly, could reverse a dire situation within a year. policy within the Community, as envisaged by the Delors Report, leading eventually to full monetary union and a sin-

gle European Currency. In the Antihes, Mr Lawson's proposals for competing cur-rencies were given abort shrift Much of this will depend however, on whether ever-isolationist Brazil can learn some of the economic lessons from deregulation and freer trade that has been common currency abroad for a decide or more by our European partners, who saw them as a recipe for mone-tary confusion, not monetary fusion. So far, the response to the latest scheme for competdecade or more.

As yet, there are precious few signs. Throughout the six months long presi-dential campaign, there has been barely any acknowledgement of the trend ing monetary policies has been lukewarm at best. towards greater international interde-This is not surprising. The

Dr Riordan Roett, a leading US Bra-zilianist, argues that it is this long-en-trenched streak of national arrogance that repeatedly holds up change. "Bra-sil believes it is different - immune Treasury plan essentially argues the merits of a strengthened Exchange Rate Mecha-nism over monetary union, yet the UK Government has been unable to bring itself to join this club for the last decade. It has unappress lost a Changel because of its vast size from the rest of the world," he says. "It is not." Where both Brazilian and foreign acahas, moreover, lost a Chancel-lor over the issue.

Where both Brazilian and foreign aca-demics do agree is that the national crisis is as much cultural as economic. A pioneer society rooted in an atmo-sphere of constant insecurity always persuades the tiny proportion of citi-zens controlling capital to look to short term personal advantage rather than the long term national interest. Above all, the academics argue, the new president taking office in March must persuade the wealthier classes that it is in their own interests to make sacrifices now to build a more secure Our European partners may reasonably express doubt con-cerning the conviction with which tha Governmant advances its case. Moreover, the section of the Treasury document that foresees a

future monetary union in which all European currencies axchange interchangeably against each other is just plain daft; to all except the Treasury, monetary union means a single sacrifices now to build a more secure future for their children. currency. It would be unfortunate if

The more cynical believe that it is fear not social conscience that will ulti-mately decide whether Brazil can break mately decide whether Brazil can break its endless stop-go cycle of democracy and dictatorship, inflation and repres-

great deal of sense.

### Competition in policies, not currencies

European monetary union

#### By David Currie

The Dekors Report has been roundly criticised for arguing the need for the co-ordination ast Thursday, the Treasury released its proposals for an evoluof fiscal policy within a European monetary union. But a flonary approach to European monetary union, drawn up under Mr Lawson's much more serious criticism Chancellorship but approved by Mr Major. The vision of concerns the possible constitu-tion of the European Central Bank that it envisages. competing currencies in Rurope that Mr Lawson sketched for his fellow finance ministers in the Antibes in

The most likely arrangement is that, within a monetary union, the control of monetary policy will be handed over to a committee of central bank governors. There is a real danger that such a committee will generalise average, or worse than average, performance in monetary policy. Moreover, without the right constitution, such a committee may easily be subject to political pressure, areas in second to political pressure, again resulting in a worse inflation performance.

The alternative is to move towards a strengthened Exchange Rate Mechanism. This has provided an effective anti-inflation device for several European countries, notably France and Italy. By tying their exchange rate to the Dentsche Mark, these coun-tries have been able to ahare in the benefits of the Bundesbank's reputation for achieving low inflation.

The Exchange Rate Mecha-nism has already evolved towards a harder discipline, with no realignment for nearly three years, and the removal of remaining capital controls will make this more necessary. But the existence of bands of varia-tion around the central parities avoids the necessity to co-ordiavoins the necessity of co-ordi-nate monetary policy. It allows tough central banks with a good reputation for anti-infla-tion policy, notably the Bund-eshank, to put pressure on the other central banks to adopt a tight monetary stance. By this means, best rather than average or worst practice in monetary policy can be generalised. The argument is, therefore, that competition in monetary policy within the context of a hard EMS can deliver a better

performance of monetary pol-icy than is likely from a centralised European Central Bank, which may well lack credibility in inflation perfor-mance. Over time, it may be possible to build greater credibility in European decisionmaking, but the evolutionary

approach does not preclude the possibility of moving to a more centralised approach when confidence is established.

19

To argue the case for mone tary competition within a hard EMS is not to dismiss the need for co-ordination of economic policy within the highly interdependent European Community. Rather it is to recognise the general point that the most effective mechanism for co-ordination is to determine an appropriate rule book for behaviour, and then leave individual governments free to operate within the rules. The Gold Standard and the Bretton Woods system provided for coordination within just such a rule-based framework.

A hard EMS provides a rule book for the conduct of mone-tary policy that is more likely to generalise best practice in monetary policy within Europe monetary policy within Europe than is the alternative of deter-mining monetary policy cen-trally. It does not rule out the possibility of periodic central co-ordination of the ad hoc summit kind, if there is gen-eral agreement that such co-or-dirative is could for but it dination is called for, but it does not rely upon it.

The Treasury's evolutionary approach, therefore, makes a great deal of sense, and deserves serious consideration, particularly by those member countries – such as Germany and the Netherlands – which are hesitant about monetary union. It would be a pity that the Government's internal differences on UK participation in the Exchange Rate Mechanism lead our European partners to dismiss the Treasury's propos-als too readily. They could instead use its advocacy of the Exchange Rate Mechanism to put greater pressure on the UK for early entry.

But if - despite its strengths the plan is instead dismissed, as in the Antibes, it will be because of the Government's inconsistency in its strategy towards Europe.

The author is Professor of Economics and the Director of the Centre for Economic Fore-casting at the London Business School, This article draws on a poper that appeared in the Lon-don Business School Economic Outlook in October.

IS YOUR CURRENT LOCATION TOO MUCH OF A HANDICAP?

Electric power set back 'Pension fund socialism'

Forecast: debatable

# **LETTERS**

Financial Times recently. "He is a man we can do business with." All this is depressing for those in Brazil seeking genuine change in the status quo. The reformist faction is hopelessly dispersed across society

From Professor Wynne Godley Sir, I entirely agree with Mr Geoffrey Dicks of the London Business School (Letters, November 13) that there is no simple relationship between the growth of output and the balance of payments. The growth of world demand and (to a great extent) our own ability to compete successfully. in world markets - including

most particularly our own - are also crucially important. The question I asked (Letters, November 9), which Mr Dicks makes no attempt to answer, is why he expects very much more factors to be so very much more favourable in the fature than they have been in the par

I also entirely agree that providing domestic demand is held on a tight rein (much of the potential growth of) output can be devoted to the balance

But again, what reason is there to suppose that it would be? The control of domestic spending is a necessary but not sufficient condition for improving the balance of payments without causing a recession. Wynne Godley, Department of Applied Economics, University of Cambridge

#### . . . no comment

From Mr Werner Barnbeck.

Sir, Being a regular reader of your newspaper, I should like to draw your attention to the fact that in Terminal Four, at London's international airport of Heathrow, no businessman or businesswoman can buy a foreign newspaper. There are about four book-

stores and newspaper stands in Terminal Four at Heathrow, both outside and inside the customs area in the departure hall. From all of them you get the same reply: "Sorry - only British newspapers and maga-In Heathrow's other termi-

nals you get foreign newspa-pers. You will agree that this is rather astonishing - or does Terminal Four only expect Anglo-American passe Werner Th. Barnbeck, Postfach 10 05 25, Monckeberostr.17, 2000 Hamburg 1, West Germany 🔔

From Mr J Sir, If is a great irony that the market has bucked Mrs Thatcher's jockey, Mr John Wakeham, out of the privatisa-

tion saddle. While miners could be for.

given for taking some satisfac-tion in the setback the Governopment of nuclear power to meet Britain's future needs ment has had over nuclear and to join European states, power, where do we go from here? Electricity privatisation is in tatters, and should be abandoned. Although the City may view the fossil stations as such as France, which have learned how to exploit this form of energy economically. Even worse: for engineering construction employers it is further evidence that the privaimmensely profitable - and the coal stations certainly are tisation of electricity supply threatens the future of an

- what remains of electricity privatisation threatens not threatens the future of an important part of the UK's engineering industry. Wa were just beginning to emerge from a decade of low order books and high unem-ployment caused by lack of an industrial strategy for the phased replacement and extenonly miners' livelihoods but the UK's energy security. In that sense 1 would agree

with your editorial (November 13): "What matters most is a sound, long-term approach to meeting the country's energy needs." The market may have phased replacement and exten-sion of the nation's power gen-erating capacity. Our hopes had been raised two years ago, when the Central Electricity Generating Board (CEGB) announced plans for stations at Fawley, West Burton and Electropy Also encourses despatched nuclear power, but it is still the Government which is trying to despatch the UK's deep mines. Power Gen and National

Power are being encouraged to import coal and build gas staat Fawley, west burton and Kingsnorth. Also encouraging were revised future projections pointing to the need for 15,500 MW of new capacity, equal to 10 or more large new stations, tions. If 15m tonnes are imported, 20 more pits will be closed, and if British Coel is forced to take another price cut on its power station coel, a by the year 2000. Then came the concept of privatisation, the effects of which promise to be so disas-trous. It became clear that prifurther 10 pits will be closed by British Coal to cover its losses.

The closure of 30 pits means not only the loss of over 30,000 miners' jobs but also the

miners jobs but also the destruction of 600m tonnes of high-quality coal reserves. This "permanent sterilisa-tion of energy resources," according to the Tory-domi-nated Humber Ports select not be achieved by an imagina-tive programme of large power station construction. Cancella-tion of the well established plans for three large coal-fired stations and three PWRs has committee of the House of Commons, should not be been the result. allowed. Where is the sense in industry which has served the CEGB so well has received a throwing away the equivalent of six years of the UK's annual blow from which it may never

coal consumption? Gas prices will be double coal prices per therm in the mid-1990s. When the third oil mid-1990s. When the third of and gas shock hits us in about 1995, shall we see the gleaming new gas stations relegated to the white elephant park along with the existing oil plant - or shall we see electricity prices continue their scaring climb? The self-destruct mechanism for this privatisation is that it treats everyone with contempt,

but especially the consumer. P.E. Heathfield. Secretary, National Union of OTKETS, ÷., Holly Street, Sheffield, South Yorkshire

Sir, The decision to abandon or delay indefinitely plans for PWRs (pressurised water reac-tors) at Hinkley Point, Wylfa and Sizewell "C" is sad news: a From Mr Philip Chappell. Sir, The UK Government has now accepted (Eric Short's article, November 9) the recom-mendation of the Occupational grievous setback in the devel-Pensions Board restricting

n Por

self administered schemes. So we have another twirl on the merry-go-round of pension fund socialism and small grow-ing businesses have been deprived of their cheapest source of finance. Power becomes even more concen-trated in the hands of financial institutions: the personal ownership of wealth continues to

But what is sauce for the goose of private sector schemes should be sauce for the gander of pension commitments in the public sector. These are generally accepted to be equivalent to zero coupon index-linked stocks, and represent funding of just under £200bn. Will the Government accept its own

medicine, formally create these stocks, and then diversify its funded portfolio? There is another twist: SSAP (statement of standard accounting practice) 24 requires the private sector to account on an annual basis for its penaion commitments. If the public sector were to com-ply ft would add about £10bn a

year to its annual spend, and would largely eliminate the public sector surplus. Can any of your readers tell me the effect on the savings ratio? Philip Chappell, 22 Frognal Lane, NW3

From Mr John Gibson. Sir, Wby not pay all Govern-ment pensions, benefits and the like by way of a single per-sonal plastic card, functioning through ATMs (automated tell ing machines)?

Every recipient could be thus privately credited, deb-tited, provided with statements and 90 on, by computer. The funds could lie as an interestrecover. But one truth remains: Britain will require many large new power stations before the end of the century. paying account (to encourage saving), and a cheque facility could be available to anyone Today's policies seem to ensure that the start of the hage programme to meet these needs will be delayed until who wanted.

after the UK capacity to build such stations has been destroyed by neglect. We shall then be forced to import all our The card itself would also serve as an identity card for use where some specific dis-count or concession were being offered, as the awkward montechnical know-how, skills and ey-order books are used at

National Engineering Construc-tion Employers' Association, John Gibson, 26 Highland Road, Northwood Hills, Northwood, Middleser

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expertise. John Porter,

vate investors would seek short term returns which could

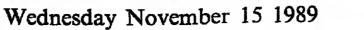
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### FINANCIAL TIMES



Changes

at UBS

**Phillips** 

& Drew

By Richard Waters

IN THE MOST severe criticisms yet made of a securi-

thes business by the UK regula-tors, the Securities Association has demanded changes to the way UBS Phillips & Drew runs its compliance department in

the wake of the Blue Arrow

affair. The regulatory body also said that it had made "requests and recommendations" after

studying the compliance arrangements and organisation of the three members of the

National Westminster bank

group involved in the affair - NatWest Investment Bank, County NatWest and County

in London

demanded



#### NAMIBIAN ELECTIONS

20 **Φ** 

### Swapo majority short of forecast

#### By Patti Waldmelr in Windhoek

THE South West Africa People's Organisation (Swapo) bas gained a comfortable majority in Namibia's pre-inde-pendence elections, the most remarkable exercise in African democracy sime Zimbabwa democracy since Zimbabwe held independence elections a decade ago.

Swapo fell well sbort of the two-thirds majority which its leaders had predicted, gaining 57.32 per cent of the vote and only 41 seats in the 72-member constituent assembly elected during five days of United Nations-supervised polling last

A two-thirds majority is required in the assembly for passage of Namibia's first inde-pendent constitution. However, Mr Sam Nujoma, the Swapo leader who is likely to become the first president of indepenthe first president of indepen-dent Namiola, appeared rea-sonably pleased with the out-come and did not seem inclined to challenge the vote. The largest opposition group in the assembly, the white-backed Democratic Turnhalle Alliance (DTA) which crimed

Alliance (DTA) which gained 21 seats, also said it would accept the vote, The DTA, which participated in a transitional government for Namibia installed by Pretoria, did sur-

The multi-racial DTA, which says it favours multi-party democracy and free enterprise in Namibia, gained 23.55 per cent of the poll netionwide. However, in areas outside Swa-po's traditional tribal heart-land, the Ovamho region of northern Namibia, results showed that the DTA gained



Winning waves: Swapo supporters celebrate at Katutura, near Windhoek

more votes than Swapo. Taken together with other white-backed parties, the DTA could conceivably form a blocking minority in the assembly, although DTA offi-cials stressed the wide ideologi-cal gulf which exists between it and the more conservative Action Christlan National party and the ultra-right Fed-eral Convention of Namibia with its one seat. The elections successfully bring to an end a delicate

phase in Namibia's transition to independence, which is expected early next year. The independence exercise began in disarray last April.

when Swapo guerrillas invaded northern Namihla ln contra-vention of a UN-sponsored peace plan for the territory. Troops from South Africa, which has ruled the territory for 74 years, repulsed the incursion killing more than 300

Swapo guerrillas However, the UN peacekeep-

#### ing forces despatched to the territory in a £300m (\$474m) operation designed to oversee the seven-month transition later succeeded in defusing tension

UN Special Representative Mr Martti Abtisaari, has declared the process "free and fair," a requirement before the UN will certify Namibian independence

Analysis; Page 8

is one of II people charged last week with alleged conspiracy to defraud over the affair. P&D yesterday accepted the criticisms and said it was acting to make the changes rec-ommended by TSA. It has been told to appoint a

compliance officer with experience of corporate finance. It has also been told to set out formal guidance for its compliances officers on paper for the first time.

book.

Arrow rights issue in 1987, P&D appears - like many other City firms - to have given inadequate attention to this area.

this area. It had three compliance offi-cers under the part-time direc-tion of Mr Geoffrey Redman-Brown, who also filled the jobs of secretary to the board and director in charge of press and public relations, among other public relations, among other responsibilities. Cray

Mr Redman-Brown has since been replaced as compliance director by Mr John Woolfenden, and P&D now has five

compliance officers. Mr Rudolf Mueller, the senior UBS executive in Lon-don, said yesterday that com-pliance procedures had been tightened up, adding: "In most firms, compliance was not as high up the list of priorities as

it is today." TSA said that it had received a letter from P&D accepting its

### THE LEN COLUMN Pearl under the microscope

#### It all comes down to a question of relevance. For Tillinghast, the consulting actuaries, to Unicate Share price relative to the

value Pearl Group at £7.65 per FT-A All-Share Index share in the face of the hostile bid from Australian Mutual Provident is one thing. It is

160 another to convince investors that the figure matters. Yesterday's mere 7p rise in Pearl's share price to 650p may partly reflect stock market scepticism 140 about the reliability of any such calculation. More likely, 120 it may stem from deeper uncer-100 1985 1987 1989

tainty about the practical use-fulness of so-called appraisal values for life companies. Technically, Tillinghast's method contains nothing terriby new. Using discounted cash flow to find the present value of a life company as a going concern is hard work, but the accountants, for a start. Price Waterhouse did not even have to do an audit to find that just by applying best accounting practice in the electronics industry, Cray's financial posi-tion was very different from what had been stated. No won-der the accounts were not tools have been around for 200 years. Since the Allianz bid for years. Since the Allianz bid for Eagle Star, the appraisal value technique has been employed in the accounts of at least eight UK life companies. The after-tax discount rate Tillinghast uses to value Pearl's future earnings stream is a standard 12 per cart As for the 57 Str signed until 1.15am yesterday. However, Cray's shareholders migbt well have been better served if the group's respected City advisers had acted earlier and vented their concerns by 12 per cent. As for the £7.65p, Tillingbast may have been over-cautious, since it does not resigning. value Pearl's non-life insurance

#### **S** & **N**

The stock market's problem Yesterday's jump in the Scot-tish & Newcastle share price may be a slightly naive response to Elders' announceis partly that a valuation based on a 45-year forecast sounds too subjective. More to the point, it by no means certain when or if that £7.65 of value response to Elders' announce-ment that it is close to selling its stake, Mr John Elliot's busi-nesses may be much healthier than those of Mr Alan Bond, whose wretched position was yesterday exposed by his audi-tors. But at A\$15.5hn, Elliot's debt is twice as large as Bond's, and his credit rating was sharply downgraded by an will ever be available. In Pearl's case, the market had already decided before hearing from Tillinghast that it wanted more than £7 per share from AMP; its instincts on that point are correct, with or with-out a consulting actuary. was sharply downgraded by an Australian agency on Monday. Like Bond, he will doubtless be Cray Electronics may be a stock market minnow, but its sorry saga says a lot about life in the City these days. It was a

Like Bond, he will doubtless be subject to constraints at the hands of his bankers. Like Bond, too, he may have cause to regret an ill-judged assault on a UK company. It may well be that a deal on S & N is close at hand. The problem is one of price. With the UK authorities' views on the hrewing industry fully company with 14 years of unbroken earnings growth, a healthy appetite for acquisi-tions, an inbred management team and what can only be termed aggressive accounting policies. Now it has announced that last year's pre-tax profits the hrewing industry fully known, anyone planning a full bld should have moved already. Conversely, any buyer for the stake will now be fully rare of the weakness of Mr Elliot's bargaining position. The market's worry must be that the outcome will be not a full bid but a strategic stake by another brewer: failing that, given the necessity of selling down to 10 per cent by next summer, the only answer would be a placing. At yesterday's 374p, the price barely

Now that the market has lost faith in Mr Larry Goodman as faith in Mr Larry Goodman as a bidder. Unigate has dropped back roughly to a market rat-ing. It is not clear it deserves even that. After yesterday's almost unchanged interim profits, forecasts for the full pronts, forecasts for the full year are around £107m before tax: that is, broadly the same as three years ago. The dairy and poultry husiness is sup-posed to be dull, but not that dull.

covers Elders' costs 25 it is.

Unigate

dull. Granted, these figures should show the low point of the poultry cycle, with prices now 20 per cent above the worst and volume coming back after the salmonella scare. The shares are also helped by a pro-spective yield of 6 per cent at 3330. But the persistent ques-tion with Unigate is one of management. Remaining an old-style dairy company may not have been an option: but not have been an option: but there ought to have been better ways to diversify than into a cyclical transport business, or into a 255m chicken factory at Scunthorpe.

#### Meyer International

The latest estimate of pre-cisely when the Government's squeeze on the economy started to work comes from huilders' merchants Meyer International. It was July when Meyer first noticed volume elignees at its Lowen chain slippage at its Jewson chain, and there has been no respite since then. The company says that spending on RMI (repairs, maintenance and improve-ment), which can sometimes move against the housebuildmove against the housebuild ing cycle, has now also turned down. That particularly bits the jobbing builder, one of

Heyer's key customers. Having cemented its leader-ship in the sector by the pur-chase of UBM, Meyer is deter-mined to keep spending on improving its branches so as to be media for the part uniture improving its branches so as to be ready for the next upturn. Such long-term planning is anathema to the markets, which knocked the shares down 11p to 322p yesterday, although the sharp rise in the interest charge and the ultra-cautious dividend increase did little to help continuent. This is little to belp sentiment. This is going to be a hard winter for the huilding sector. Meyer's shares are on a prospective p/e of jnst 7, after stripping out property profits. That may look appealing on a long-term basis, but many investors obviously reckon they will look even cheaper come the spring.

11.

Salvador guerrillas tighten grip

By Tim Coone in San Salvador

EL SALVADOR's left-wing FMLN guerrillas yesterday intensified their campaign against the right-wing Govern-ment of President Alfredo Christiani by calling for a pop-ular insurrection

ular insurrection. The guerrillas consolidated their bold on the northern and eastern suburbs of the capital, San Salvador, which were seized at the weekend. In three days of fighting at least 400 people have been killed, includ-ing many civilians caught in the fighting in heavily promThe army, for its part, imposed a 24-bour curfew on the eastern suburbs of Soyapango and ment the area leading to the military airbase of llopango. The call for an insurrection

came as the Salvadorean armed forces fought to wrest the initiative from the guerrillas wbo launched their sur-prise nationwide offensive on Saturday. Until now the FMLN bas

WEST GERMANY, France and

the Benelux countries will sign

a treaty next month on immi-

gration and police co-operation allowing them to abolish con-

trols on people on their com-

The treaty, following agree-ment in Bonn on Monday, will be signed on December 15 in

the Luxembourg village of Schengen, where the five

states committed themselves in 1985 to abolish controls on the

movement of people hy Janu-ary 1, 1990. They will miss their deadline

because their parliaments must first ratify the conven-

tion, but their achievement in agreeing such sensitive mat-

ters as pursuing criminals in

each other's countries, enforc-ing anti-drug laws, centralising

data in one police computer, and harmonising their policies

The Schengen success hlazes

mon frontiers.

dicated that the main object of the offensive has been to force President Christiani's

stakes and conid be aiming to topple the US-backed Govern-

The FMLN general command bas declared as "liberated territories" the areas under its contories" the areas under its con-trol in the eastern and north-ern provinces of San Miguel, La Union, San Vicente, Chale-tenango and Usulutan. It has also announced the formation of "popular governments" at local level. The Government yesterday continued to maintain that the

continned to maintain that the

Five EC states agree to end

though states around the Com-munity's rim like Britain, Den-

mark and Greece still have deep reservations about carry-

ing out police and immigration

checks anywhere else than at their frontiers. What is certain

is that bad these five founder members of the EC, with simi-

lar legal systems, well-devel-

oped police co-operation, and geographical compactness, failed, so would the rest. The five have agreed: © A minimum list of non-EC

countries whose citizens will require visas to enter "Schen-

genland". France will still

impose visa requirements on

slightly more countries than the others. But it is understood

that special reminders of these

French requirements will be posted at Schengenland's exter-

nal frontiers. A hig loophole is

that West Germany does not require visas for visiting East Germans who are not supposed to wander beyond the Federal

border controls on people

helicopters since Saturday. The main dilemma faced by the Government is how to dis-lodge well-entrenched rebels from densely populated civil-ian areas

The US embassy was tempo-rarily closed yesterday and dependants moved to safe houses. Hundreds of refugees began fleeing from the north-ern suburbs where fighting has

been almost non-stop since the offensive began last Saturday night. According to one woman

NatWest Securities. County's former compliance officer, Ms Elisabeth Brimelow,

lighting in heavily popu The FMLN yesterday forced the closure of the main eastern highway which links the capi-tal to the east of the country.

#### Bush may hold Nato talks after summit

#### **Continued from Page 1**

the Malta meeting, on Decem-ber 2 and 3, has taken on much greater importance than envisaged when it was originally planned. The White flouse has sald the US and Soviet leaders may want to give a push to arms control talks - to arge progress on conventional forces and strategic arms - but they will not negotiate specific points.

flowever, Senator Sam Nunn, Democratic chairman of the Senate Armed Services Committee, bas warned that Mr Bush must be prepared to connter Soviet proposals to withdraw all US and Soviet forces from Europe.

There were reports that US intelligence analysts have concluded that the Soviet Union has reduced its overall military spending this year in real terms and as a share of gross national product, as Mr Gorbaon visas and asylum applica-tions is considerable. chev has claimed. This analy-sis contrasts with the view expressed by conservatives in the Administration and by the Pentagon that Soviet defenre budgets were still rising. Until now all that the State Depart-ment bas publicly cooceded is that the Soviets have reduced production of conventional weapons, including tanks.

The disclosure of the latest analysis partly reflects politi-cal manoeuvering within the Administration over the US attitude to the Soviet Union In arms talks.

Government to make concessions in negotiations to end the 10-year-old conflict. But in appealing for a popular upris-ing, the rebels have raised the

By David Buchan in Brussels and David Goodhart in Bonn

situation was under control. It was reported to be preparing a counter-offensive, backed by belicopters and aircraft. However, the guerrillas claim to have knocked ont at least five

carrying a baby in her arms and a small plastic bag of helongings: "The guerrillas have told ns we have two hours to evacuate as the army is coming to bombard us."

asylum applications. This is in line with the Twelve's accord that refugees should apply for asylum in the EC state in

• Which they first arrived. • "Hot pursuit" of criminals. France, chiefly, objected to the

idea of, say, German police pursuing and arresting French-men in Strasbourg. So each of

the five can choose to allow the police of the other four

either pursuit and arrest of

suspects within 10km of the

border, or unlimited pursult

but no power of arrest on its

 A Schengen Information System (SIS) will pool police data, but it msy take two years to set up. British police want to plug into this data bank.

S Anti-drug co-operstion. The Netherlands' partners have been worried about the Dutch

police's lax treatment of drug users (as distinct from push-

ers), so the Dutch police are to

provide information on users via the SIS, even if they take

quality. The task force says it is "mnch concerned" with the

transport sector, where it con-

siders that the environmental

impact of the single market will be "most important."

no action against them.

recommendations, and that it will "continue to monitor" the situation at the company.

This contrasts with its atti-tude to NatWest, where it said its "requests and recommendations are being implemented in full", and that "no further action is proposed to be taken". Despite this, County appears not to bave implemented at least one of the regulator's recommendations - that is, if the bank "were to recruit a senior lawyer" to its compli-

senior lawyer" to its compli-ance department, that person's responsibilities should he clearly defined. County said that it has not appointed a senior lawyer, but did not rule

out doing so. On two other points, County said it had met TSA demands. Compliance officers in each business unit have a clearer reporting line to the bank's overall head of compliance, and all decisions taken during the weekly meeting of Its corporate finance directors are

It emerged yesterday that TSA has moved to suspend three of the 11 people charged over the Blue Arrow affair last week – Britain's – Mr Step-hen Clark, finance director of County NotWest Mr Simothe County NatWest, Mr Timothy Brown, a managing director of P&D, and Mr Paul Smallwood. a P&D director. The suspensions of the two

P&D executives bave heen delayed pending an appeal due to be heard next week. The other eight people charged are not TSA members, making action impossible

making action impossible. The regulatory body is unable to take disciplinary action against either the insti-tutions or individuals involved in the Blue Arrow rights issue, since it only took on its powers under the Financial Services Act in April 1988. However, it is able to review whether those involved are "fit and proper" to be authorised in the light of the affair.

#### EC urged to toughen environment policies for 1992

responsibility and liabilities monitoring of the impact of the newly-doubled structural funds and better information for consumers; action to ensure that and encouragement for invest-ment in pollution abatement account is taken of the environmental implications of EC and clean technologies; and an measures designed to complete improvement in the EC's ability to monitor environmental the internal market; careful

Republic.

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#### Czechs ease travel restrictions to West

state

#### Continued from Page 1

the number of openings to 23. In Warsaw Chancellor Helmut Kohl ended the first visit to Poland by a West German head of government since 1977 by signing a set of agreements intended to set the seal on the oew friendship between Bonn and the Polish leadership. He spelt out to the Prime

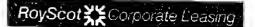
Minister Mr Tadeusz Mazowiecki the conditions, which Warsaw has accepted, on which Bonn was willing to reopen DM2.5bn (\$1.34bn) worth of government export

Mr Kohl said that for him credit guarantees and contrib-ute DM500m to a \$1bn stabilisathe most important thing was "the right of self-determination tion loan the Poles want to raise in the West. However he for the German people" or German unity but that this was fell short of giving the Poles the final assurances on their "of equal importance with the question of European integra-tion planned for after 1992." Western frontler which they are looking to from Bonn. While Bonn has effectively

Renewed German interest in recognised the frontier in 1970, Comecon countries would not cbange Bonn's position on monetary union in the Euro-pean Community. "I don't bave Mr Kohl repeated that as West German Chancellor he could only make pronouncements on behalf of his country and not to change my attitude and 1 won't change it on that issue,' he said. for any future united German

were more than two thirds lower than originally reported; and instead of increasing its final dividend by a third, it is inal dividend by a third, it is omitting it. A new manage-ment team is being promised up to 20 per cent of the equity if they can turn the company round and roughly a third of this year's expected profits will go to pay off the outgoing directors. Who's to blame? Cray's

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a trail along which the seven other EC states may yet follow, O A common way of treating **Continued** from Page 1



Honda profits decline

in the second quarter

Consolidated net income of Honda Motor, the

Consolidated net income of Honda Motor, the Japanese car and motorcycle manufacturer, dcopped 22.4 per cent in the second quarter to September 30, mainly because of a large loss arising from cover on foreign exchange trans-actions. Consolidated operating income, how-ever, jumped 46 per cent on turnover up 6.1 per cent, thanks to improved car sales and the severable impact of the weaker yen on over-seas revenues, writes ian Rodger. Page 25

Thames rises 27% at midway

THAMES THAMES

pany, which is Britain's largest ITV contractor, warned that despite an "outstanding sales per-formance" it was now experiencing a slow-down in advertising growth. Page 28

An increased share of national advertis-

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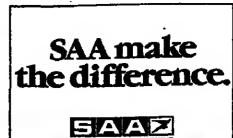
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### 877193S **FINANCIAL TIMES COMPANIES & MARKETS**



21

Wednesday November 15 1989

### **Top Danish banks to merge**

By Hilary Barnes in Copenhagen

NOTSIAIC

DENMARK'S two largest commercial banks, Danske Bank and Copenhagen Handelsbank, are to merge to form the second largest Nordic bank and the 30th largest bank in Europe, ranked by second

largest bank in Europe, ranked by assets. The marger is the latest in a succession of such deals across Europe. Most recently Dan Norske Creditbank and Bergen Bank of Norway amounced plans to merge and form Scandin-avia's seventh biggest banking group. In the case of these two Norwegian banks, however, prof-its have been under severe pres-sure in recent years and the marger has been designed in part to strangthen the institutions financially.

Yestenlay's announcement was preceded by heavy dealing in Handelsbank shares. The Copen-

and an equity capital of DKr19hn - figures which put it close to Sweden's Skandinaviska-En-

Mr Knud Soerensen, of Danske

skilda Bank in the Nordic rank-

akilda Bank in the Nordic rank-ings. The merger will take place through an exchange of five shares in Handelsbank for four in Danske Bank. "The new bank will be in pos-session of sufficient competence and capital to meet competition from foreign banks when the completion of Europe's internal market is a reality," the two banks said yesterday in a joint statement.

Bank, who becomes joint chief executive of the new bank together with Handelsbank's Mr Hans Ejvind Hansen, said he did not rule out the possibility of buying a bank in Europe. "It could be interesting," he told a

press conference. The two banks said there is The two banks said there is considerable scope for rationalis-ation. The banks' staffs, which total 12,000, will be reduced by about 10 per cent over the next two or three years, mainly by natural wastage, and the branch network of 500 banks will be slimmed down.

network of 500 banks will be stimmed down. The Copenhagen financial com-munity, has been alive with rumours of bank mergers for sev-eral months, but few believed that the two higgest would get together. Most observers felt their cultures to be too different

to make for an easy mesh. Until the 1970s the two banks were roughly equal in size, but in the 1980s Danske Bank pulled ahead to build up an equity cani-tal of DKr11.2bn to Handels-bank's DKr8.0hn, and a balance sheet total of DKr184.3bn in con-trast to Handelsbank's DKr1350n. Last year Handelsbank made an operating profit of DKr381m compared with Danske's DKr952m. In the first half of the cnrrent year Handelsbank reported an operating loss of DKr86m after a big increase in provisions, while Danske made DKr652m. to make for an easy mesh.

provisions, while Danske mane DKr652m. The merger is expected to trig-ger further deals among Danish banks. Speculation in Copen-bagen is that the next banking merger will involve Privatbanken and SDS, the big savings bank.



By Michiyo Nakamoto in Tokyo

THE EFFORTS of foreign securities firms to break into the Japanese market appear finally to be bearing fruit. The latest results for the six months to September 30 show that the 48 foreign securities firms now operating in Japan have substantially raised their commission income. This has helped them to double their col-lective trading profits in Japan in the half-year to September, when compared with the previous six months. months.

months. The 48 reported a combined pre-tax profit of Y15.93bn (\$112m), according to statistics published in the Nihon Keizai Shimbun, Japan's leading business newspa-per. The rise in profits continues an trend that was seen in the previous term to March, 1989, when foreign securities firms when foreign securities firms reported a recovery in profits for the first time since the 1987 stock market crash.

market crash. The boost to profits comes at a time when the equity market has put in a mixed performance. In recent months volume has sagged, investors having turned cautious in the face of rising interest rates and the political uncertainty that has clouded the financial markets since the early summer.

financial markets since the early summer. Despite this dull climate, for-eign securities firms were able to achieve a surge in commission income, notably from Japanese domestic institutions. They have been helped considerably by a new rule imposed by the Ministry of Finance that limits trading by one particular firm to less than 30 per cent of the traded volume in a particular issue.

"The market sentiment changed," said Mr Kazuo Shiogai,

Deputy Branch Manager of Bar-ing Securities, "and that gave us a very good chance." In the shadow of a weak yen and rising interest rates the Japanese stock market turned from one driven by low interest rates and intense dealing activity to a research-based investment market. The figures also show the extent to which the ups and downs in the specific areas in which different companies con-centrate have affected their per-formance. For example, foreign

formance. For example, foreign firms with traditionally strong warrants divisions, such as Bar-ings and James Capel, were able to benefit from a recent spectacu-lar surge in the warrants market. Active arbitrage between the Active arbitrage between the futures, options and cash mar-kets, meanwhile, has helped US firms like Morgan Stanley and others, with particular strength in sophisticated trading tech-niques, boost their equity reve-

nues. On the other hand, own-ac-On the other hand, own-ac-count trading, which has been a major source of revenue for some of the big US firms, did claim a few victims. Salomon Brothers, which retained its status as the single most profitable firm, with a trading profit of Y3.6bn, saw its revenue from own-account trad-ing plunge from Y3.35bn to ing plunge from Y9.33bn to Y2.41bn. Salomon Brothers has been an aggressive player in the Japanese bond market where prices have fallen heavily on the yen's weakness. In general, the subsidiaries of

in general, the substanties of the large European banks, suf-fered the most, with SBCI Securi-ties, UBS Phillips and Drew, and Barclays de Zoete Wedd (BZW) all reporting trading losses for the period to September.

it: 100	million Yen	Operatio	nal		
	Foreign	Securities	Companies	in Japan	

Unit: 100 million Yen		tional	Coml	salons	Pre-tax profit		
	89/9	89/3	89/9	89/3	89/9	89/3	
Merrill Lynch	79	85	79	85	4.3	1.8	
Citicorp Vickers	30	31	21	21	5	0.1	
Prudential Bache	32	31	31	29	4.2	0.2	
Smith Barney	31	26	26	17	7.5	2.4	
Jardine Fleming	56	47	54	43	4	27	
Salomon Bros	228	225	117	82	36	78.2	
Kidder Peabody	23	18	20	17	4.1	3.2	
Goldman Sacha	91	86	88	80	15.9	8.5	
Morgan Stanley	142	132	119	118	15.3	8.2	
S.G. Warburg	33	34	35	34	2.5	5.3	
CS First Boston	91	69	77	56	22.9	16.3	
Kleinwort Benson	22	25	24	24	12	25	
Schroders	23	17	18	13	23	1.6	
Shearson Lehman	49	34	36	23	61	10.5	

Actuary's valuation **boosts Pearl** bid defence

#### Platinum demand set to fail

Japanese investors deserted the platinum mar-ket this year so demand for the precious metal will fail by about 6 per cent from the record level it reached in 1988, according to Johnson Matthey, the world's biggest platinum refining and marketing group. Platinum supplies are forecast to rise by only 1.4 per cent which means that for the fifth consecutive year demand will exceed supply. Despite the chort-fail, however, Johnson Matthey suggests "there seems little prospect of a substantial hike in price during the remainder of 1989." Kenneth Gooding reports. Page 32

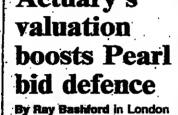
#### Greek share prices get the post-election jitters



Share prices on the Athens stock exchange.

have been sent see-saw

tive New Democracy party narrowly falled to capture an outright parliamentary majority. It then rallied on news that negotiations for a coalition government were under way, but plummeted again when the Central Bank stepped in to impose a private sector cre e a pris squeeze: Page 44 . **Harket Statistics** London share service London traded options London tradit options 48 27 48 Base landing rates Benchmark Govt boods 27 wopean options excla 27 Money markets 44 New lat. band losues 28 World common lit FT-A indices FT-A world indices 27 service 28 World commodity prices may 40 World stock mith fudices anges 40 UK dividends announced UR dividends announced Unit trusts t indices 48 indices 41 indiced 25 34-57 FT int bond service 



PEARL GROUP, the UK life PEARL GROUP, the UK hite assurance company, yesterday strengthened its last line of defence against the £1.1bn (\$1.7hn) takeover bid from Ans-tralian Mutual Provident by releasing details of a 765p-a-share valuation.

Directors of Pearl said that the Directors of Pearl said that the valuation prepared by Tillin-ghast, the consulting actuary firm, strengthens their argument that the \$05p a share offer by Australia's biggest life company 'should be rejected. "The 765p-a-share valuation was considerably higher than expected when the Takeover Panel agreed that such an esti-mate could be included in the defence document. Share ana-lysts had forecast a figure of

deferice document. Share ana-lysts had forecast a figure of about 720p a share. However, the stock market reacted calmly to the announcement, pushing the shares 7p higher to 650p. Sinsteholders have responded pourly to the 605p ashare offer from AMP, which controls 18.8 per cent of Pearl's capital. Under the Takeover Code the group has until next Tuesday to announce an improved bid. AMP dismissed the valuation as a hypothetical projection, based on misleading assump-tions. "Of the total figure of 765p, no less than 311p, or 40 per

765p, no less than 311p, or 40 per cent of it, is goodwill, or in US perience, 'hine sky'. This relates to assumed future business which may never be written," said Mr Ian Salmon, the chief comment manufactor of AMP's intergeneral manager of AMP's interational operations. The valuation was achieved by The valuation was achieved by combining an appraisal of profits that the company will generate from present and future business and adding this figure to an esti-mate of shareholders' funds. Tillinghast's study concluded that Pearl's combined value is for a statement of the st **Continental reduces** its profits forecast 51.37bn, equivalent to 765p a share. After excluding 2188m as an estimate of shareholders' By Andrew Fisher in Frankfurt and Vanessa Houlder in London funds, the residual so-called appraisal value is £1.19bn. In arriving at this figure, Til-linghast, estimated an "in-force value," comprising the value to shareholders of future profits expected from business already CONTINENTAL, the West last year's level of DM195m, it German tyre company, yesterday intends to leave the dividend withdrew its earlier forecast of unchanged at DM8 a share, after CONTINENTAL, the West German tyre company, yesterday, withdrew its earlier forecast of higher profiles for 1989, and said the prolonged strike at one of its US plants would keep earnings roughly at the level of last year. Workers at the Charlotte plant in North Carolina have been on strike for two months. The numwritten, at £630m. The other component in the figure is £560m, representing "existing structure value" - the estimated value of the company's ability to achieve profits from strike for two months. The pro-duction of car and truck tyres accounts for around 20 per cent of the total output of General The, the US subsidiary. Apart from the wage strike – other plants are not affected – Continental add ft is also having to contend with rising costs at a time of acute pressure on prices in the competitive tyre market. For the full year, the group expects total turnover to show an advance of between 5 and 6 per cent to DM8.2bm (\$4.5bm). With profits expected to be similar to strike for two months. The procurrent assets. AMP particularly objects to the "existing structure value" estimation, which is the part it calls goodwill. ...Pearl's dividend policy is the other plank in its defence strat-egy. Chairman Mr Einion Hol-land said directors intend to ree-onnmend a final dividend of 17.5p since a mai dividend of 17.5p a share, lifting the year's pay-ment to 25p, an increase of 67 per cent on the previous year. Lex, Page 20



Handing out the bad news: Stuart Burgess, chief executive, and Sir Edwin Nixon, chairman

### Amersham result falls by 43%

#### By Jane Fuller in London

THE HEALTH of Amersham THE HEALTH of Amersham international, the first company it to be privatised by the British Conservative Government in 1982, was causing concern yester-day as it announced a 43 per cent fall in pre-fax profits. The company, which makes radioactive pharmaceuticals for medical diagnosis and research, made a pre-tax profit of only \$6.15m (\$3.89m) in the six months to September 30, compared with £10.76m last time. As sales grew 13 per cent to

field, perhaps the worst news is tout an automated version of Amerilits, an immuno-diagnostic system used to test hormone lev-els in blood samples. About 25m of the £11.2m spent on research and development in the first half was ploughed into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained into a first half sales. About 25m of the contained

America, an immuno-manosac system used to test hormone lev-els in blood samples. About 25m of the £11.2m spent on research and development in the first half was ploughed into the new Amerilie system, which will not be ready for launch until 1991 Bacause of the avnerse 1991. Because of the expense, Amersham is seeking a collabora-Belt-tightening at the company means that 300 jobs are being shed this year and next – about 10 per cent of the workforce. The company is expecting a better second half. One encourag-

will also send the comapny's CS gearing over 50 per cent and involves the vendor, Hoff-mann-La Roche, taking a 5 per Sh cent stake in Amersham.

#### Companies in this section '

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#### Chief price changes yesterday

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Muench Russk 2280 - 120	Earstannel 45.6 - 62
NEW YORK (8)	TOKYO (Yes)
Longview Films 68% + 2%	Nees
Longview Filme 6814 + 278 MGM-UA Compres	Nippon Pipe 1630 - + 180
Penny JC. 675 + 5	Tayo Sense - 1100 + 140
Penny JC. 67% + 75 %	The Electronics, 1500 + 180
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New York prices at 12.30pm.	

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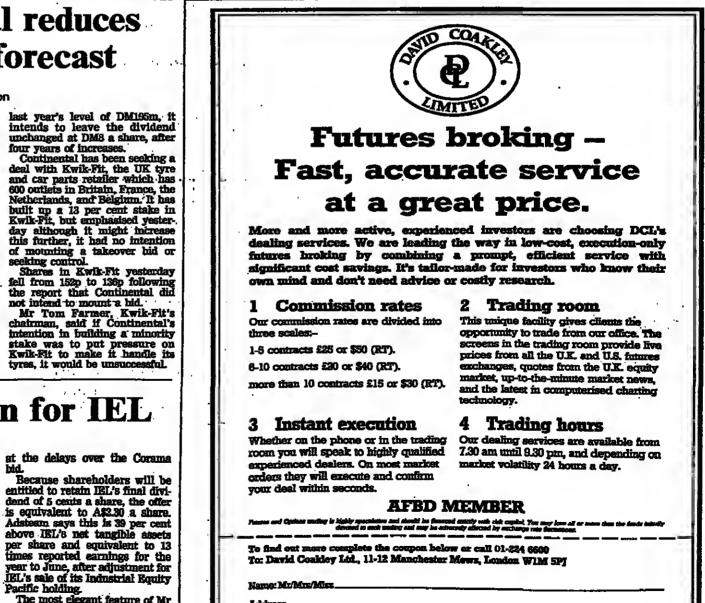
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As sales grew 13 per cent to \$97.06m, the operating margin, hit by UK inflation, declined from

14 per cent to 9 per cent. As the company strives to find growth in the non-radioactive

The biggest factor making for a second-half profit improvement will be the sale and leaseback of the company's Buckinghamshire head offices. Mr Burgess said this would give the company an exceptional profit gain of £7m.

12 0.4 5.5 3.3 0.8 10.8 2.7 4.5 24.7 2.5 1.1 3.7 7.4 5.5 10.8 4.5 Swiss Bank Corp . County NatWest 23 23 19 21 18 16 18 **UBS Phillips** 22 es Capel ..... 20 11 11 29 18 23 J.P.Morgan . B.T.Asia ..... 12 12 20 22 Barclays . 21



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DAVID COAKLEY LTD

Adsteam bids A\$1.74bn for IEL

By Chris Sherwell in Sydney

19.7 14.0

ADELAIDE STEAMSHIP, the buy-out of IEL at A\$2.40 a share. ADELADDE STEAMSHIP, the Australian conglomerate con-trolled by Mr John Spalvins, yes-terday launched a A\$1.74bn (US\$1.5bn) cash bid for Industrial Equity 1.5d (IEL), a move aimed at undermining a planned man-agement-led bid for the invest-Their plan, announced in July, is being implemented through a company called Corama, which bought a 20 per cent sharehold-ing in IEL from Sir Ron Brier-ley's Brierley Investments and, as part of its takeover, has a com-mitment to hur. ment group. The A\$2.25 per share bid, if successful, would make Mr Spalmilment to buy Brierley's remaining 12 per cent. But Cor-ama is facing snags over financ-

vins a powerful force in Austraing lian retailing by adding the Wool-worth's chain to his existing David Jones department store IEL's vulnerability to a change of control arose earlier from a strategic decision by Brierley group: IEL's entrepreneurial Investments to sell down its investment activities would also majority interest in IEL, initially complement his own activities. The move poses a fresh compli-cation for Mr Rod Price and Mr to Goodman Fielder Wattie and, when that plan was overtaken, to Corama.

cation for Mr Hoo Price and Mr Bill Loewenthal, the senior IEL executives who joined Mr Abe Goldberg, the textile magnate, to launch a A\$1.9bn management

entitled to retain IEL's final dividend of 5 cents a share, the offer is equivalent to A\$230 a share. Adsteam says this is 39 per cent above IEL's net tangible assets per share and equivalent to 13 times reported earnings for the

year to June, after adjustment for IEL's sale of its Industrial Equity Pacific holding. The most elegant feature of Mr Spalvins' strategy is that, if Corama's bankers come up with the finance for a A\$2.40 per share bid, Adsteam can accept and reap a profit on its existing holding. If Corama accepts the offer, how-ever, it faces losses to the extent that it is committed to paying Brierley Investments A\$2.40 a

#### INTERNATIONAL COMPANIES AND FINANCE

**NMB** and

Postbank

delay full

By Laura Raun

in Amsterdam

integration

separate operating units.

December 6. At current prices

the flotation would be worth around FI 1.2bn (\$571m).

The hank said yesterday NMB and Postbank, which for-mally completed their merger last month, have decided against full integration within

against this integration within two years as originally planned. Instead they will operate side by side and share the same management board. A more decentralised struc-ture with smaller profit cen-

tres - such as NMB's pre-emi-nent role in assets trading -

was preferable to a more cen-

tralised, completely merged structure, NMB said. A "liv-

ing-apart-together" arrange-ment will allow for shorter

### **Cray Electronics cuts** profits after review

#### By Nikki Taltin London

22

A REVIEW of accounting policies at Cray Electronics, the UK electronic equipment manufacturer, has resulted in a savage reduction in profits, for the year to the end of April, from a previously-announced £17m (\$26m) to jnst £5.4m

before tax. Further adjustments at the after-tax level leave Cray nurs-ing a retained loss of £1.57m, with prior-year profits also reduced – although to a much smaller extent. The company is recommending that the previ-ously-announced final dividend for 1988/9 should not be paid. However, the troubled group

has secured the potential ser-vices of Sir Peter Michael, and Mr Jeffrey Harrison former executive directors of UEI ous four-year contract as chief

Group. Under a subscription agreement, subject to share-holder approval, they would put up an initial £2.85m for a 5 dated August 17. His annual salary under this is £225,000 per cent stake in the company and take executive control. and it expires at the end of July 1991. Mr Mead is being Cray's former chairman and chief executive, Mr Bernard

paid £125,000 as "damages for breach of contract" with a fur-Collins, retired as chief execu-tive in August and then ther £40,000 going to augment his pension benefits. The review of the company's accounting policies, which have worried the City for some time and cootributed to a colstepped down as non-executive chairman earlier this week. Yesterday, it was announced that Mr Brian Mead, the finance director, has also retired from the hoard and lapse in the company's share price from over 200p a year ago - and 275p in 1987 - to 53p ahead from any executive role. A further director, Mr M Bishop, has also agreed to resign, subject to completion of the subscripof yesterday's announcement, was conducted by Price Water-

house. Price Waterhouse says that it had regard to "best tion agreement. accounting practice in the elec-tronics sector."

### Hoechst growth rate slackens

#### By Andrew Fisher in Frankfurt

PRE-TAX profits of Hoechst, the West German chemical group, rose by 6 per cent in the first nine months of 1989 to DM3.1bn (\$1.7bn), but grew at a rate of less than 1 per cent in the third quarter after a slight dip in the second three months

After the 2 per cent drop in the second quarter, some ana-lysts said the European chemi-cal industry was set for a slow-

down after prolonged growth. Bot they also noted that business continued at a very high level, though sales of plas-tics had stagnated and pharmacenticals were affected hy changes in German health care legislation.

Yesterday, the company said that of its 13 per cent increase in turnover to DM34bn in the January-September period, only 3 per cent represented actual volume increases. The rest stemmed from currency movements, higher prices of some products, and acquisi-

tions. Hoechst said it was optimistic as a result of its favourable orders, with no signs of economic weakening.

Most foreign operations con-

tributed to the higher profits, notably Roussel Uclaf in France, Hoechst Japan, and Hoechst do Brasil. Hoechst Celanese stayed at last year's

executive has been replaced by

a fixed-term service contract,

high level. The third-qnarter group communication lines and more flexibility, NMB added. profit of just over DMlbn was 0.9 per cent above that of the Last month Amsterdam-Rotsame period of last year. terdam Bank and Générale Hoechst said strong foreign sales growth of 16 per cent in the nine months compared Bank of Belgium decided against a complete merger, opting instead for close co-op-

with only around 4 per cent at home. The almost flat third-quarter profit was in line with many

analysts' expectations.

### Wagons-Lits surges halfway

#### By Tim Dickson in Brusseis

COMPAGNIE Internationale des Wagons-Lits et du Tour-isme, the Franco-Belgian hotel and sleeping car group which numbers the French Sodexho Group and Groupe Bruxelles Lambert among its leading shareholders, announced yes-terday that net profits jumped from BFr617m (\$15.8m) to BFr869m in the six months to the end of June.

The company warned, however, the half-year figure "should not be extrapolated for group rose by 20 per cent to the whole year," pointing out BFr44.8hn. in the first six

that the summer months were "traditionally decisive" for overall group results.

While the railway, tourism and hotel sectors had done well merger of Europear-Interrent. "Progress in this new sector is satisfactory although not fully over this period, "it will probably not be the same for the car in line with profit forecasts, hire and catering sectors." Moreover, final profits would the company statement said yesterday. The company said the rall-ways business "continued its regular advance" in the leadbe affected by the financial costs involved in the purchase in August by Wagon-Lits of a

stake in Sodexho. ing European countries and Overall turnover for the hotels were benefiting from a "significant increase" in occupancy rates.

eration, because of fears over loss of identity and control. NMB, which was the Netherlands' third largest commercial bank, and Postbank, which was owned by the Dutch Government, expect per-share earnings to climb 10 per cent to FI 6.43 this year. The per-share dividend wil be 18 per cent higher at FI 2.60. months, boosted by the first full half-year contribution in Japan offer for the car hire sector from the

### US print maker

KOMORI Printing Machinery, the Japanese maker of offset printing machinery, has detailed a possible cash buyout offer for AM International of Chicago, the US printing equipment manufacturer, of \$5.25 a share. The offer was made in a filing with the Secu-rities and Exchange Commission. Reuter reports.

DAF details package in Enasa bid By Kevin Done, Motor Industry Correspondent

a second a second s

NMB Posthank, the newly merged Dutch bank which is in the process of partial priva-tisation, said yesterday that from othar leading European truck makers, however, includ ing Iveco, the commercial vehicles subsidiary of Fiat of its two sections would remain italy, Volvo of Sweden and a West German consortium com-prising MAN and Daimler-The price at which the Dutch Government's 30 per cent shareholding is heing Benz. floated is to be announced on

DAF is seeking. • A merger with Enasa under which INI, the Spanish state

which RM, the Spanish state holding company, would receive a substantial minority stake in the enlarged DAF group along with three seats on the DAF supervisory board; • To transfer an important part of its heavy truck operations to Spain from its main Dutch and Belgian plants

DAF, the Dutch commercial vehicle group, has effered a far-reaching industrial package to the Spanish Government in its bid to take over Enasa, the Spanish state-owned truck maker. DAF is faring fierce competi-tion in the battle for Enasa from other leading European and marketing; • To invest more than for pair on a greenfield site in Galicia, in north-western Spain; and the battle for Enasa from other leading European validedid.

trated in Spain, the group's Datch and Belgian plants would specialise in heavy Valladolid. The framework of the DAF

bid for Enasa is similar to its successful takeover of the Deyland truck operations from Rover Group in the UK in 1987. DAF has told the Spanish Government that if would retain Enass's present Pegaso marque name in Spain, where it is the market leader in the Spanish heavy truck market with a share of 32 per cent. DAF already has one impor-tant joint venture with Enass, called Cabtec, a 50/50 joint ven-ture established in 1984 to develop and produce a cab for As part of that deal the then state-ownsd Rover Group became the largest single shareholdar in DAF with a stake of 40 per cent - since reduced to 16 per cent through the DAF flotation earlier this

year - and gained three seats on the supervisory board. DAF has proposed to the Spanish Government that it develop and produce a cab for a new generation of heavy trucks launched in 1987/88. Following its 1987 merger with Leyland, DAF has created would make Spain its main European centre for manufac-turing its medium/heavy

inder 16 tonnes. If DAF's medium/heavy truck production is concen-

A merger with Enasa would post it into third place in the overall European truck market (above 3.5 tonnes) bahind Dataler-Benz and Ireco, but shead of Renault Véhicules truck production above 30 DAF has told the Spanish Industriels, and it would vie with Volvo for second place in the heavy truck market (above

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the heavy truck market (above 15 tonnes). The Spanish Government is expected to reach a decision on the fatme ownership of Enasa shortly. In competition with the DAF offer, Fiat has prom-ised to build a car plant in Spain if Iveco wins the take-over battle, while MAN and Daimler-Benz have also offered a package of industrial invest-ment, and expansion in Spain.

W German

steel group

### Atlas Copco reports 28% rise

#### By John Burton in Stockholm

ATLAS COPCO, the Swedish ATLAS COPCO, the Swenish mining, construction and industrial equipment manufac-turer, yesterday reported a 28 per cent rise in profits after financial items, for the first nine months of 1989, and announced a joint venture in Japan for the production of compressors. Strong demand for compres-

sors and construction equipment, mainly in the EC countries, raised profits to Skribn (\$154m)

US demand for compressors and tools was hetter

than expected, but not for mining and construction equip-

Sales increased by 16 per cent to SKr10.7bn, while orders also climbed by 16 per cent to Sales in the compressor divi-

sion rose by 17 per cent to SKr4.9bn, while sales in the construction and mining equip-ment sector climbed by 20 per

Atlas Copco predicted profits will reach almost Skr1.5m for the whole of this year, based on continued strong demand in

pressors for the Japanese market.

The joint venture, in which Atlas Copco has a majority share of 51 per cent, will oper-ate a new factory in Yakuki, Fukushima Prefecture.

LVMH.

on for months;

the European Community and other important markets over sales up 9%

skirmishes in the battle over the fate of a contested issue of

bonds with attached warrants,

which were almost all acquired by Mr Arnault and which account for a quarter of his

potential 44 per cent stake in

have filed suit for the annui-

ment of the entire issue.

Mr Racamier and his allies

other important markets over the next six months. Release of the nine-month report coincided with the sign-ing in Tokyo of a joint venture agreement, hetween Atlas Copco and Iwata Air Compres-sor, for the production of oil-jected and oil-free rotary com-pressors for the Japanese MANNESMANN, the West Germin steel and engineering group, said group profit in the first nine months of 1989 improved from last year, while

The company did not pro-vide profit figures. It said the information technology division again was affected by pressure on prices on data systems and start-up

costs. The industrial plant division infered lower earnings: Prof-ths rose in all other divisions. Incoming orders rose 17 per cent to DM19bn in the nine

Experis from domestic com-panies rose 6 per tent to DM6.2bn. Mannesmann said sales from foreign companies rose an above average 12 per cent to DMSbn.

Turnover, from the elec-tronic and electro-technical divisions rose 17 per cent to DW1.94but in the first nine months of 1988, from The suit, which opens next Monday, looks likely to drag DML 65hn a year ago. Sales from the pipe puit rose

4 per cent to DM3 43be

laxury goods group which owns 98 per cent of Vulton, But Mr Racamier won another round in his legal hat-tie for control of LVMH with

By George Graham in Paris.

MR Henry Racamier, the 77-year-old chairman of Inggage maker Louis Vuitton, was yesterday officially stripped of his positions as executive vice chairman and managing direc-tor of LVMH, the drinks and

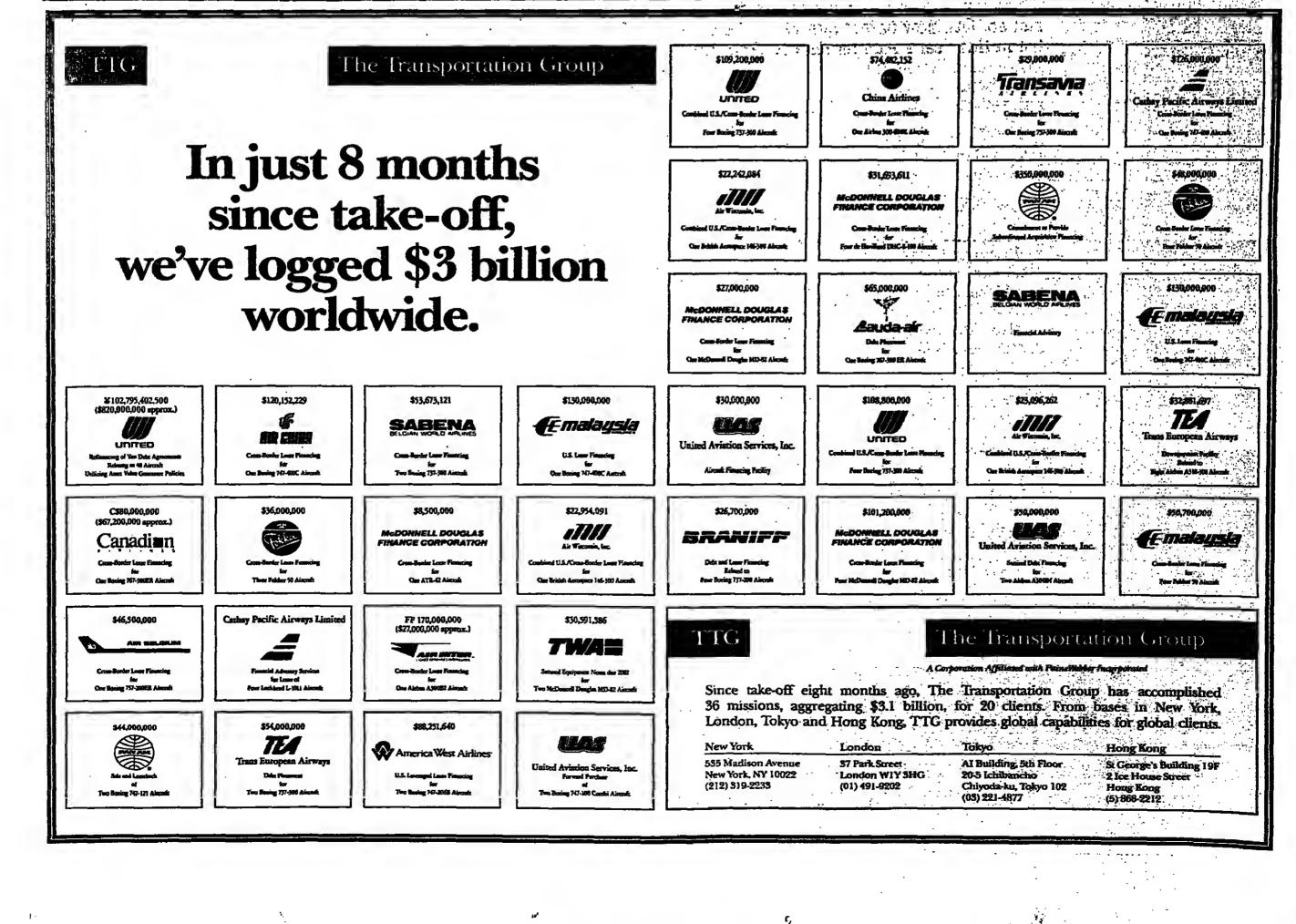
Mr Bernard Arnault, the 40-year-old financier who took

SKr11.7bn.

over as the group's chairman in January: the Paris appeals court upheld a ruling delaying the shareholders' meeting of Vuitton until next March 15. Mr Arnault, who had appealed against the postponement ordered yesterday by the commercial court, plans to use the shareholders' meeting,

when it takes place, to oust Mr. Recamier from Vuitton. These judgments, however, only represent preliminary

**Racamier loses LVMH posts** 



#### **Balley, Controls Company**

29801 Euclid Avenue . Wickfiffe, Ohio 44092 Phone: (216) 585-8500 . Telex: 980621 . Fax: (216) 943-4609



M. A. Keyes, IV President and Chief Executive Officer

November 1, 1989

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FINANCIAL TIMES WEDNESDAY NOVEMBER 15 1989

Dare to imagine ... a controls and distrumentation company with *infinite* resources, poised to deliver total seamless integration in control, communications, and real-time management information needs — worldwide. You control magined Bailey Controls.

We've been the talk of the **part of the provident recently**, with good reason: We've closed our biggest sale ever ... the sale of Bailey **Composition** of Finmeccanica, a member of Italy's IRI Group and the country's largest field to be a part of biggentization. So what? We're the same Bailey, are we not?

Indeed, we're the same Bailey whose leading edge NETWORK 90° and INFI 90° distributed digital systems probably run your plant now. Our "smart" field devices still set the industry standards for process measurement and indication. But we've become a very different company in terms of helping you make these investments pay off!

For starters, our research and development investment has been doubled, effective now. Our "eyes and ears" for marketing, manufacturing, distribution and service have just grown to over 400,000 professionals, worldwide. Our applications engineering staff just increased from a few hundred problem solvers to a few thousand - on every continent, in every industry including yours. Our total turnover has just grown by a couple of zeroes, to 48 billion dollars a modest one year's revenues.

Presumptive, you might suggest, for us to claim all these corporate resources as "ours." Not so. Our new parent agrees, in the controllar Barley is the *only* controls company they'll list in this years Anness Report and the controllar second and include their own total instrumentation needs democratic devices which are then selves leaders in integrated circuits, manufacturing automation, detense electronics, transport automation, power systems, aerospace, and service industry automation consistence of

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tomance and profits, as simple as that.

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Tough talk? You bet, we we built a tough reputation for nearly 75 years as the industry's Number One innovator in controls and instrumentation. Excuse my grammar, please, but You Ain't Seent Nothing Yest

Sincerely. Sition AL Ke resident and Chief Ex

#### INTERNATIONAL COMPANIES AND FINANCE

Buy-out costs plunge RJR Outlook

### **Aircraft Braking Systems**

and

### **Engineered Fabrics**

#### divisions of

#### Loral Corporation

have been acquired by

### K & F Industries, Inc.

a company owned by

Shearson Lehman Hutton Inc. and its affiliates

Manufacturers Hanover Trust Company

Loral Corporation

#### Bernard L. Schwartz





Floating Rate Subordinated Notes due 1996 Holders of Floating Rate Subordinated Notes of the above issue are hereby notified that for the interest

& Company U.S. \$200,000,000 Floating Rate Subordinated Capital Notes due 1998 In accordance with the

Wells Fargo

in accordance was use rovisions of the Notes, notice is hereby given that for the Interest period 15th November, 1989 to 15th Rovember, 1989 to

TRANSAMERICA CORPORATION US\$30,000,000 Floating Rate Notes Due 1990 (Coupos No. 10) Notice is hereby given that the for the interest period 15th November, 1989 to 15th May, 1990 an interest rate of 8½ per cent p.a. will see by

April, 1989

By James Buchan in New York RJR NABISCO, the tobacco and food company which bought out its stockholders last year with borrowed money in a \$25bn deal, yesterday reported losses of \$447m in the

Nabisco into \$447m loss

third quarter to September because of beavy interest costs and an expensive reorganisetion of its tobacco business. The net loss compared with profits of \$355m in the third quarter of 1988 when RJR was still a public company. The result was inevitable because of the immerse interact and of the immense interest and debt repayments the company took on due to its leverag buy-out. These amounted to of \$2.53bn plunged the New York company into a loss of Sibn at the nine-month stage. Bnt Wall Street is more interested in the company's

**Restructure** at

**JC** Penney

By Karen Zagor

lifts earnings

J.C. PENNEY, the fourth

biggest US retailer, reported strong third-quarter earnings

and sales as it started to bene-

fit from its restructuring. Net earnings for the three months to October 28 jumped

31 per cent to \$209m or \$1.52 a share on a fully diluted basis, from \$160m or \$1.16 the previ-

ous year. Bevenues advanced to \$4.14bn from \$3.73bn, while

retail sales were up 13 per cent

to \$4.06bn from \$3.61bn. For the first nine months.

net income was np 17 per cent to \$435m or \$3.17 from \$372m or \$2.73 a year earlier. The com-pany said the results include

an extraordinary charge of

\$20m, net of taxes.

sales and operating profits, which must remain healthy if the company is to pay off the debt. The company is rapidly selling outlying businesses to

raise cash. Revenues and profits were down 5 per cent in the quarter, to \$604m and \$30m, while profits fell 17 per cent in the nine months on a tiny increase in sales to \$9.22bn. But the bulk of the profits decline was caused by RJR moving to a

caused by RJR moving to a costly incentive programme in its domestic tobacco business known as trade loading. By delivering to wholesalers more cigarettes than they can sell, the tobacco companies can burn up their sales and profits but at the cost of tying up capi-tal unproductively.

tal mproductively. BJR said that, without the trade inventory correction,

is 'bleak' domestic tobacco sales and operating profits would have By Karen Zagor been higher than last year. Meanwhile booming sales over-seas, particularly in the Middle East and Asia, allowed RJR to stem the fall in tobacco operatin New York

ing profits to 9 per cent, put-ting the operating figure at \$451m in the quarter. The food business increased its operating profits to \$186m

from \$171m.

Mr Louis Gerstner, chairman of RJR, said: "Encluding our decision to reduce US tobacco trade inventories, our food and tobacco businesses showed excellent earnings growth.

correction is putting a complex problem behind us quickly. And we remain ahead of sched-ule in our set divestiture pro-gramme."

MACK TRUCKS, the hig US MACK TRUCES, the say 03 maker of heavy tracks which is being pummelied by the downturn in the domestic truck market, yesterday reported a plunge in third-quarter carnings and said the outlook was bleak for the fourth contribution and heating.

for Mack

Trucks

fourth quarter and beginning

of 1990. In the gnarter to September 30, Mack, of which Remail of France owns 45 per cent, reported a net loss of \$7.5m or \$2.94 a share, against a gain of \$2.7m or 9 cents a year bar-her. Revenues fell to \$367.4m The tobacco trade inventory

from \$501m. For the first nine months, Mack reported a net loss of \$105.5m or \$3.57, against a \$105.9m or \$3.57, against a gain of \$18m or \$1 cents the previous year. Revenues fell to \$1.38bm from \$1.56bm. Mr Walter Meck, Mack's chief financial officer, said the company needed external sources of liquidity to can-tinue as a going concern in its present form.

present form.

"We have been working with our major shareholder, Renault Vehicules Industriels, and our banks to develop appropriate short-term and longer-term financing struc-

tures. "RVI has advised Mack that it is willing to provide addi-tional liquidity under cartain conditions, including the renewal and restructuring of Mack's existing bank credit facilities."

The downturn in the US heavy truck industry has hit Mack hard when it was spendmack have when it was spenn-ing heavily to renew its range to help increase domestic mar-ket penetration. Mack has nearly helved pro-duction and cut its workforce by shout 20 nor cont.

in the said the number of heavy-duty vehicles it pro-duced and sold in the third quarter declared by 37 per cent also eaten into profits. Last year, the Boston Co money management subsidiary overstated its earnings and Shearson had to restate its first nine-month profit by \$30m. It also had to take a \$105m pre-tax write-off to reflect a decline and 34 per cent respectively. Sales of medium-duty vehicles fell nearly 24 per cent while parts and service sales were down about 8 per cent.

As of Tuesday 14 November, 1989 Neshitt Thomson

#### \$20m, net of taxes. Revenues in the nine months improved to \$11.06bn from \$10.35bn, while retail sales jumped to \$10.84hn from \$10.0hm a year ago. The Dallas, Texas company said the sale of its property and casualty insurance operations did not significantly affect earnings. in the value of its holdings of MCorp securities. affect earnings. **UAL considers schemes** to add value to company Neshitt Thomson Deacon Limited By Roderick Oram in New York **Bank of Montreal Capital Markets Limited**

increase the company's value Coniston, which has a 9.7 per

has seen singglah commission revenues because of lower trading volume in securities markets. Shearson Lehman Hutton is 61 per cent-owned by American Express. Mr Cohen told The Wall Street Journal that his company knew it must adjust to the troubled environment in the securities industry and that his objective was to run

the company better. Shearson has found it more difficult to contain costs than many other Wall Street houses

because of expenses related to absorbing E.F. Hutton, which it bought in late 1987 and which roughly doubled the size of the company. Management errors have

**Shearson Lehman Hutton** 

in management shake-up

and do not signal a shift away from any of its activities, the representative said.

nlanned management shake-up come after a difficult period for the hrokerage industry, which

SHEARSON Lehman Hutton, the US securities house, is planning a shake-up of its man-agement which will affect senior people and cut through several layers of the organisation.

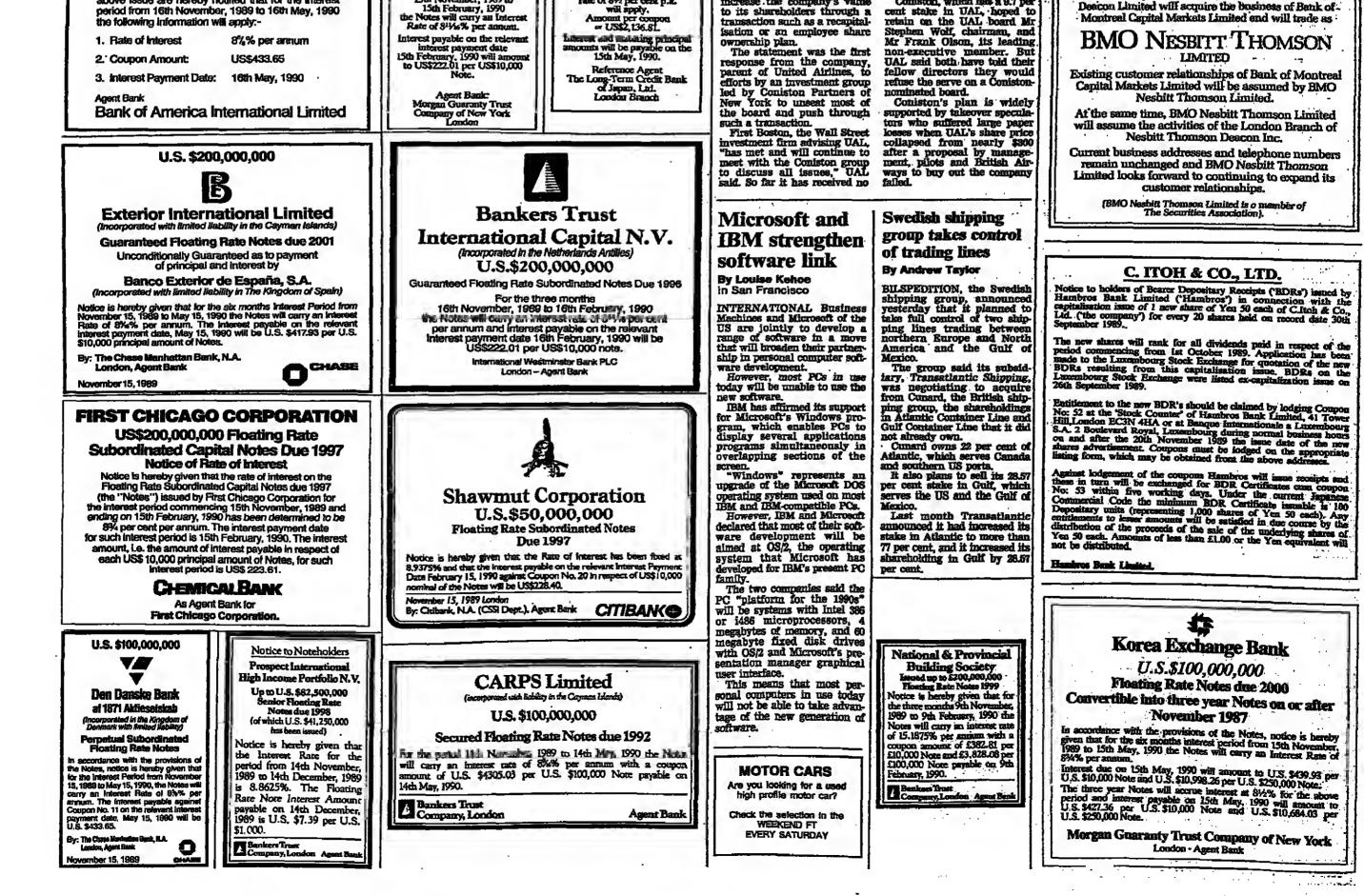
By Janet Bush in New York

A Shearson representative said details would probably be amounced in two weeks' time but none were available now. Mr Peter Cohen, chairman and chief executive officer, would say only that he believed his own position was not at issue and that he would be promoting a number of

be promoting a number of younger executives. Confirmation of impending management changes comes a week after Shearson started cutting 800 jobs from its pay-roll of 38,500. These job cuts are not concentrated in a sin-gle area of Shearson's business and do not signal a chift swary

Both the job cuts and the

UAL'S board said yesterday proposals from third parties, it that it will investigate ways to added.



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#### **INTERNATIONAL COMPANIES AND FINANCE**

#### Japan's wristwatch Foreign exchange losses put Honda Motor in reverse profits rise despite By Ian Rodger in Tokyo CONSOLIDATED NET income The directors have raised the

flat world market of Honda Motor dropped 22.4

JAPAN'S TWO top watchmakers, Clitizen Watch and Hattori Seiko; both six months to September 30, despite a flat world market for timepiceas. 1.7 per cent to Y638m (\$47.27m) on sales of Y39.7bn, up 0.7 per cent. The company said wrist watch sales rose 0.9 per cent in volume to 58.71m units, but fell 6.9 per cent in value. Sales of

Voinne to 30.71m units, bit feil 6.9 per cent in value. Sales of industrial machinery, mainly CNC lathes, jumped 31.5 per cent to Y12.9bn, but office equipment sales fell 25.8 per cent to Y6.5bn, due to intensi-fed compatibility in the US fied competition in the US and

Sharp first-half fall for Japanese confectioner By Our Financial Staff

MORINAGA, one of Japan's leading confectioners, yester-day reported a 38.7 per cent unconsolidated decline in pre-tax profils in the first half to September 30, to Y1.03bn (\$71.5m), from Y1.65bn in the same period of last year. The manufacturer of choco-late, caramels, biscuits and a wide range of other food prod.

late, caramels, biscuits and a wide range of other food prod-ucts 'scorded sales up by a healthy 3.6 per cent to Y64.250m from Y62.050m, while net earnings plunged 97.0 per cent to Y120m, or Y0.49 per share, from Y3.250m, or Y18.07 per share. The sharp fall in mconsoli-dated pre-tax profit is attributed to an upsurge in expenditures to expand sales during the first three months of the term, a company official said.

The net earnings drop, offi-

Y2.10bn, down from Y4.19bn. Dainippon Ink up 18%

#### By lan Rodger

DAINIPPON Ink and products — enjoyed steady Chemicals, the diversified spe-ciality chemicals group, increased pre-tax profit in the six months to September 30 by per cent cochi - 1975 17.9 per cent to Y9.7m (\$67m). Net income in the first half Despiterardrop in prices for was up 13.6 per cent to Y4.5 bn engineering Diastics and epoxy. or T3.6 per cahare. For the full resin, the company's three year to March 31, 1990, the main divisions - synthetic res-tins, printing ink and chemical to rise 4.6 per cent to Y19.2 bn.

By Ian Rodger (Strategy and Strategy)

Hattori Seiko reported a 27.8 per cent rise in pre-tax profits to Y1.8bn, despite a 2.2 per cent fall in sales to Y187.5bn in the first half. Sales of wristwatches, which

account for 60 per cent of total sales, declined 5.3 per cent, while jewellery sales rose 12.6 Burope. Sales of other products, nota-biy floppy disk drives and elec-tronic viewfinders, rose 27.8 per cent to Y18.5br. while jewellery sales rose 12.6 per cent. The company is forecasting a full year pre-tax aprofit of Y3.5bn, up 9.2 per cent.

Y4.30bn. Morinaga's aloggish business activity was also adversely affected by unstable weather in May to July, which distorted consumer spending patterns, as well as shortages in the labour market. Morinaga predicted that, in the full fiscal year ending pert March 31, total sales will reach Y132.50bn, up from Y125.75bn

Y132.50bn, up from Y125.75bn in the previous fiscal year, while pre-tax profit is esti-mated et Y3.30bn, slightly higher than the Y3.20bn recorded in fiscal 1988/09. Net

income is expected to reach

of Honda Motor dropped 22.4 per cent in the second quarter to September 30, mainly because of a large loss arising from cover on foreign exchange transactions. But consolidated operating income jumped 45 per cent to Y54.9bn (JSBL6m) on sales up 6.1 per cent to Y890.3bn, due to improved car sales in Japan improved car sales in Japan and overseas markets and to

the impact of the weaker yen on overseas revenues.

**Omron** Tateisi Electronics sales rise 15%

By lan Rodger

PRE-TAX profits of Omron Tateisi Electronics, Japan's top maker of control components,

> Y166.9bn. Y166.9bn. The company said industrial system equipment sales rose 7.8 per cent to Y74.7bn, reflecting strong spending by manufacturing industry. Health and medical equipment sales nearly doubled to Y13.9bn. The company area a year and

cials said, was exaggerated by caus said, was enaggerated by unusually high year-earlier performance in the accounting category, which reflected proceeds from the sale of capital essets located mear one of its plants for about Y430bn.

manter of control components, rose 14.9 per cent in the six months to September 30 to a record Y12.5bn (\$86.9m) on sales up 12.3 per cent to

The company sees a year-end pre-tax profit of Y29bn, up 10.4 per cent. For the six months to Sep-tember 30, Honda's consoli-dated net income was down 32.7 per cent to Y32.6bn or Y66.64 per American share (equivalent to two common shares) on sales of Y1.809.8bn, Revenne from automobiles,

interim dividend from Y6 per

share to Y7 per share.

period of last year. weak home market and h Honda officials said sales costs in overseas plants. growth was understated because the comparative figure included commodity taxes that

used to be charged on automo-biles in Japan. If the tax reve-

up 4.4 per cent. The foreign exchange loss, taken before the pre-tax level, was Y19.7hn, compared with a gain of Y6.8bn in the same

weak home market and higher

Honda's parent company reported a pre-tax profit of Y41.2bn, down 7.8 per cent, in the first half on sales of Y1.321bn, up 2.8 per cent.

down 12.5 per cent.

The group forecasts that second-half consolidated net income will be as good as, or slightly better than, last year's

templating establishing a factory in Hungary, has reported a 4.5 per cent drop in pre-tax Net income fell 25.1 per cent profits to Y3.6bn in the six to Y4bn or Y10.11 per share. months to September 30.

Parent company net income was Y22.8hn or Y23.98 a share, down 12.5 per cent. Domestic sales of minicars dropped from 231,000 units in full year. It is now predicting a the first half of last year to 227,000 nnits in the latest period.

• Suzuki Motor, the Japa-nese motor group which is con-rise in four-wheal-drive vehicles and a 12.8 per cent hike in motorcycle sales. Net income fell 25.1 per cent

but Suzuki is maintaining its

Y3 per share interim dividend. The company has revised downwards its forecast for the pre-tax profit of Y16bn, up 1.5 per cent over the previous year. At the start of the fiscal

Overall sales rose 7.3 per year, it forecast Y20bn

### **Elders** executives attack severe credit downgrading

#### By Chris Sherwell in Sydney

SENIOR EXECUTIVES from vulnerability arising from the and the current rationalisation the Elders brewing, finance acquisition of a 56 per cent of the Elders Finance mer-and resources group have controlling stake in Elders IXL chant bank, which is expected and resources group have angrily ettacked the severe five-notch downgrading of its credit estimation credit rating. The Elders executives have now embarked on a campaign to explain the group's financial

position. position. This follows the announce-ment on Monday by Australian Ratings, the local agency, of a BB rating for Kiders IXL, the principal operating company. This compares with a previ-ons A minus rating, and will add to the group's horrowing add to the group's borrowing

costs. In explanation, the agency pointed to the group's altered financial profile and increased

by Harlin, a company which is controlled by Elders execn-A furious Mr John Elliott, chairman and chief executive, lambasted the downgrading as "disgraceful and Indicrous."

Mr Ken Jarrett, head of Elders Finance, labelled it

March 1991. Harlin, they add, is already considering restructuring options such as fresh equity participation, an offering of notes convertible into Elders "misguided." Other officials called it sim-Other officials called it sim-plistic and inaccurate. Their principal complaint is that the agency failed to take sufficient account of the group's strategy, specifically the planned sale of Elders IXL assets such as its Scottish & Newcastle brewery investment, IXL equity and selling down its

Elders stake. Elders executives yesterday also criticised the way Austra-lian Ratings, having praised Elders IXL's improved gearing,

grossed up the borrowings of the whole group, including off-balance sheet interests, as well of the Elders Finance mer-chant bank, which is expected to be most quickly affected by the downgrading. as Harlin. According to the agency,

These moves, they say, will more than companyate for the increased debt load on Harlin, which in any case faces no financial pressure before Moreh 1001 According to the agency, these borrowings amounted to A\$13.3bn (US\$10.49bn), or A\$15.5bn including committed but undrawn facilities - larger than the Bond group or Mr Rupert Murdoch's News group. In justification it said "sub-

stance should override legal form," and cited financial conform," and cited mancial con-nections linking the fate of the various units. There is no doubt that Elders expected a downgrading, mainly because of the Harlin highly geared takeover, but also as a result of Australia's deteriorating economic climate

The added values of British Steel. Number two of a series.

The current high interest rate regime and impending downturn have already hurt many high-profile business теп.

Bnt none of its executives

expected more than a one- or two-notch downgrading. Clearly concerned at the damage it might do, they have been speaking to bankers and the media.

The group holds its annual meeting in Adelaide today and further comment seems certain.

On the stock exchange yes-terday, Elders IXL's shares were broadly static, finishing two cents higher in Sydney et A\$2.32, but two cents lower at A\$2.30 in Melbourne.



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ne an offer or an invitation to subscribe for or purchase Fund. All of the securities offered by the Fund have been with institutions outside the United Kingdom.

#### **ML-GT New Pacific Equities Growth Fund II N.V.** (Incorporated in the Netherlands Antilles)

#### Placing by

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par value U.S.\$0.10 per share The principal business of ML-GT New Pacific Equities

Growth Fund II NV. is to invest in a portfolio of equity securities issued in or traded on the securities exchanges of newly industrialized or emerging countries in Asia and Oceania.

Application has been made to the Council of The International Stock Exchange for admission of the Class II-A Shares of the Fund to The Official List.

Listing Particulars relating to the Fund are available in the Extel Statistical Service and may be obtained during usual business bours (Saturdays and public holidays excepted) until 19th November from The Company Announcements Office, The Stock Exchange, London EC2N 1HP and until 5th December from:

Merrill Lynch Limited Ropemaker Place **25 Ropemaker Street** London EC2Y 9LY

Dated: 15th November, 1989

The Class II-A Shares have not been his Securities Act of 1933, as amended, and m ended, and may not be offered or. States of Amorica or to or for th :\*\*

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In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 15th November, 1989 to 15th May, 1990 the Notes will carry an Interest Rate of 814% per annu Interest payable on 15th May, 1990 will amount to U.S. \$414.79 per U.S. \$10,000 Note and U.S. \$4,147.92 per U.S. \$100,000 Note,

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#### INTERNATIONAL CAPITAL MARKETS

#### Singapore to **Investors favour Ecu sector** trade foreign as German bond prices slip shares over

#### By Andrew Freeman

NEW ISSUE ACTIVITY expanded on the Eurobond markets yesterday, with the

An Ecu65m issue for Fist Finance & Trade brought by Credit Lyonnais had a slow reception, with dealers saying the long two-year structure

Credit Commercial de France was the lead manager of a FFr500m fungible deal for Interfinance Credit National. proceeds of which were swapped into floating-rate funds. The bonds offered an attractive pick-up over existing paper and French government issues. Traders said the terms were tempting, but that the sector was generally slow. The bonds were trading on full fees at less 1% bid.

ocean Construction to a spec-tacular reception. Late in the day the bonds with warrants

Yamaichi launched an

semi-annual coupon first in yen, then in Australian dollars and then in yen to maturity. Daiwa said the issue was taredged lower after the recent. By Joyce Quek more turbulent decline, although some recent suprana-tional issues were a touch bet-In Singapore SINGAPORE WILL establish ter. Turnover remained an over-the-counter market fheextremely thin. In Switzerland, Swiss Bank foreign shares by January

1990, as one of three mension to bring the Stock Exchange of Corporation brought a SF175m five-year private placement for Account with a 6% per cent cou-pon. The issue came late in the Singapore (SES) closer to achieving its objective of bring a centre for offshore securities day, and was quoted away trading. Mr Richard Hu, the ft

from SBC around its fees. The City of Tokohama SFr110m issue was trading around less 2% bid, while the SAS SFr100m 6% per cent deal closed its first day's trading on the secondary methed at man minister, said yesterday that he also recommended charges which could see more foreign participation in local broker-ages and perhaps the introduc-tion of negotiated comusisthe secondary market at par-bid, down % point on its issue

• Drexel Burnham Lambert says it has laid off slightly over The other measures pro-posed by Mr Hu at a confer-ence on South East Asia fisan-cial markets and investment 10 per cent of the professional staff in its Los Angeles offices, Renter reports from New York. A Drezel spokesman said the reductions included "various professionals" in the junk bond chai markets and investment were the replacement of the existing settlement system, with a paperless system, and the possibility of share option trading and other stock deriv-ative products.

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There will be 50 people this week who will be cut back in both the high-yield and corpo-rate finance departments," said a Drexel spokesman. The cuts are being made to fit longer-term strategies, he said.

Paribas Capital Market Credit Lyonnaia Krediathank int.

arve products. From next April, new com-panies admitted to the stock exchange will have their shares traded on a scripless basis, while measures will be taken to the stock. taken to transfer existing shares of Singapore companies to the scripless system.

the counter

Share option trading would enable investors to hedge their risks better and would contrib-

risks better and would contrib-ute to a more efficient and active market. The OTC stocks, to be elec-tronically traded, would help the SES to build on its earlier initiative in setting up the information link with Nasdan for trading in selected Nasdan for trading in selected Nasdan stocks

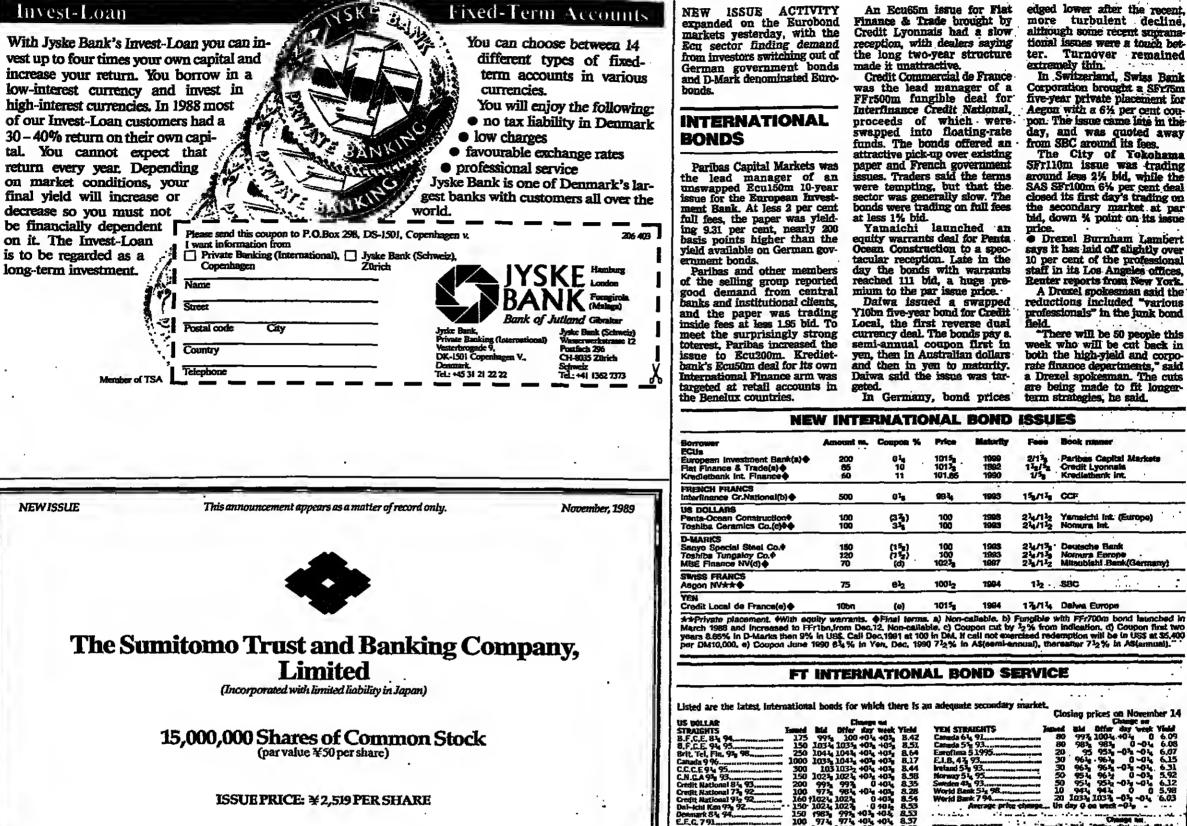
The foreign equities would include Hong Kong, Thai and Anstralian stocks.

Mr George Teo, the SES dep-uty chairman, said the exchange was also considering trading in listed companies especially in Asian countries, in line with the association's efforts for closer economic harmony and financial co-op-eration, and would be re-introducing option trading in

late 1990. Much has been said lately of the OTC market for Asian stocks filling the vold when 182 Malaysian counters, which account for a significant portion of the SES trading volume and capitalisation. are delisted at the end of the year. The minister's speech has formalised the exchange's

intention Mr. Hu also urged the SES to attract to Singapore reputable

securities companies which would bring expertise and



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"Trust Deed") relating to the above-captioned bonds (the "Bonds"), notice is hereby given as follows:	(the "Trust Deed") relating to the above-captioned bonds (the "Bonds"), notice is hereby given as follows:	Back for Tokyo 53, 97         100         95         975, 0         -05, 8, 15           Commerzbank 0/5, 54, 97         100         95         951, 0         -04, 8, 15           Commerzbank 0/5, 54, 97         500         933, 943, 0         -1, -1, 8, 18         7, 72           Credit Francis 0/4, 99         500         933, 943, 0         -1, -1, 8, 70         7, 75           Credit Francis 0/4, 99         600         903, 913, 0         -0, 7, 75         7, 56           E.1.8, 64, 99         300         924, 932, 0         -0, 7, 7, 75         7, 56           E.1.8, 64, 99         300         924, 932, 0         -0, 7, 7, 7, 75         7, 56           E.1.8, 64, 99         300         924, 932, 0         -0, 7, 7, 7, 75         7, 68           Euro/Inm 64, 96         100         923, 964, 0         -0, 7, 7, 71         7, 56           Euro/Inm 64, 96         100         923, 923, 0         0         7, 62         -1, 7, 75           Jopan Dev, 8L, 53, 97         300         973, 904, 0         0         7, 42         -1, 7, 56           Jopan Finance 54, 97         300         893, 993, 0         0         7, 42         -1, 50         1, 50         1, 50         1, 50         1, 50         1, 50	World Bank 134, 974.5
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resolutions of its Board of Directors adopted at a meeting held on 27th October, 1989, 15,000,000 new shares of its common stock by	resolutions of its Board of Directors adopted at a meeting held on 27th October, 1989, 15,000,000 new shares of its common stock by	Earo, Contex Store 31, 97,	Bank of Greece 99 US
way of public offering in overseas markets, mainly in Europe (other than the United States of America), at the price of Yen 2,519	way of public offering in oversees markets, mainly in Europe (other than the United States of America), at the price of Yan 2,519	Eurofina 64, 96	Cheft & Gloucester 94 6
per share. Consequently, the Conversion Price as defined in the Trust Deed with respect to the Bonds has been adjusted in the	per share. Consequently, the Conversion Price as defined in the Trust Deed with respect to the Bonds has been adjusted in the	1A.0.8.74 99	Hallkas B 94 E
manner as set forth below pursuant to Clause 7(H) ( $\forall$ ) of the Trust Deed.	manner as set forth below pursuant to Clause 7(H) (v) of the Trust Deed.	Elec Dr France 5% 97	Lexic Perm. B/S. 94 £
Conversion Price before adjustment: Yen 1.549.40	Conversion Price before adjustment; Yen 3,774,30	905 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 12 10 10	Monthern Rock 92 £
Conversion Price after adjustment: Yen 1,548.30 Effective date of adjustment: 15th November, 1989,	Conversion Price after adjustment: Yen 3,771.70 Effective date of adjustment: 15th November, 1989,	Origin 51, 92	
Japan time	Japan time	N. H.L. Finance 64, 95	CONVERTINE Car, Car Chy, BORDS data price Bid Offer day Pres Along 54, 02 US
THE SUMITOMO TRUST AND BANKING COMPANY, LIMITED	THE SUMITOMO TRUST AND BANKING COMPANY, LIMITED	World Back 63, 99	CBS, Inc. 502 US
By: The Sumitomo Trust and Banking Co., Ltd. London Branch	By: The Sumitomo Trust and Banking Co., Ltd. London Branch	SW(35) FRANC.         Change en           STRAIENTS         Jameel Mé Office day weak Yinki           African Der, Bit. 5 %.         150         1790 12         920%, -0%, 6.75           Asfricag 5 03         200         165         35%, -0%, -1%, 6.56           B.F.C.E. 412 98         200         167 36         85 0-0%, 6.75           B.F.C.E. 412 98         200         167 36         85 0-0%, 6.75           B.H.W./Fin.Neth. 5 13         150         164 85         37.40%, 7.43%           Britannita B/S. Ath, 94         100         165 387%, -0%, -1%, 7.43%         CIR.           CIR. Int. W/W 593         125         150         167 90         0.42%, 6.36%           CIR. Int. W/W 593         150         168 86%, -0%, +0%, 8.43%         6.623           Flane. Exp. Od. 64 92         75         1100 100%, 0         0.42%, 6.36%           LA.D. 8. 62004         200         197 97%, 0         0         6.223           Flane. Exp. Od. 64 92         750         1500 1684 28 60         0         7.26%           LA.D. 8. 62004         200         197 97%, 0         0         6.23           Kohe Chty 45% 98         1500         168 885, 0         7.27           Kohe Chty 45% 98 <t< td=""><td>Eng. Chine Cây 6-2 03 5</td></t<>	Eng. Chine Cây 6-2 03 5
as Principal Paying Agent	as Principal Paying Agant	Astrazg 5.03	Fulltan 399 US         9760 9.0 87% 803 9.40 87% 9.00 87% 803 9.40 805           Fulltan 399 US         6789 1106 207% 2008 9.00 87% 803 9.40 800 8.00 9.00 9.00 9.00 9.00 9.00 9.00
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		El.8 45 98	Name         Name <th< th=""></th<>
		Fielder Charli, 43, 99	Omno Tatelo 29 02 03
US\$100,000,000 FLOATING RATE DEPOSITARY RECEIPTS DUE 1997	National Westminster Finance B.V. (Incorporated in The Netherlands with limited liability)	Kobe City 49, 95	Statistics (sol. 5, 105         70079         4.41         92         93         94         2.5           Silicon Germins 50 40
issued by The Law Debenture Trust Corporation pic evidencing entitlement to payment of principal and interest on deposits with	I c c c c 00 000 hmior Guardiated HKNS	Nationaride Ang. B/S. 4 93	W.B. Canthi 12 45
IBATL	Guaranteed on a junior subordinated basis as to payment of principal and interest by	Trailand 4% 95	* Only one market maker supplied a price
Banca Nazionale del Lavoro (incorporated as an Istituto di Crudito di Dirito Pubblico in the Republic of Italy)	National Westminster Bank PLC (Incorporated in England with limited liability)		Straight Bonds: The yield is the yield to redemption of the mid-price the amount issued is in millions of currency mits except for Yes bonds where it is in billions. Change on-week - Change over price a
London Branch	Notice is hereby given that the Rate of Interest has been taked	•	
Notice is hereby given that the Rate of Interest for Coupon No. 18 has been fixed at 8.8125% pa and that the interest payable on the relevant Interest Payment Date, February 15, 1990 in respect	Payment Date May 15, 1990 against Coupon No. 12 in	·	Teaching Rate Notes: Denominated in dollars unless otherwise Indi- cated. Composisions is minimum. Coller Date more coupon become effective. Sported - Margin alwes six-moust offered rate (phys- month; johowe mass rate) for US dollars. C.con=The current coupon
of US\$10,000 nominal of the Receipts will be US\$225,21 and in respect of US\$250,000 nominal of the Receipts will be	U.S.\$1,099.83 and in respect of U.S.\$5,000 nominal of the Notes will be U.S.\$219.97.		Convertible Bonds: Denominated in dollars unless otherwise indicated, Chg. day - Change on day. Cav date - First date of conversion into shares. Day, price biominal amount of bond mar change and
US\$5,630,21. November 15, 1989 London	New her 15 1999 London		Convertible Bonds: Denominated in dollars unless otherwise indicated; Convertible Bonds: Denominated in dollars unless otherwise indicated; Cho. day = Change on day. Crw date = First date of conversion into abarts. Car, price whominal amount of bond per chare-conversate recurrency of share at conversion role fixed at issue. Prem = Percent- age prunium of the correntificative price of acquiring shares via the bond over the most recent price of the shares.
By: Citibanik, N.A. (CSSI Dept), Agent Bank CITIBANCO	By: Citibank, N.A. (CSSI Dept.), London Branch, Agent Bank	• The Fleancial Times Ltd., 1989. Reproduction in whole o Data smalled by DAT	ar in part in any forst not permitted without writion concent, ASTREAM international.
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increased liquidity in the domestic market by broadening the overseas clientele. He added the SES should review its present policy on foreign participation in local firms and work towards a

more flexible commission structure for securities trading in view of competitive conditions in international markets. Mr Teo said the OTC market would be conducted on a computerised book-entry basis like its complementary market, Sesdaq. Non-residents will be exempted from Singapore con-tract stamp duty on their contracts.

**Kidder Peabody** appoints new. chief in London By Andrew Freeman

RIDDER PRABODY Inter-national has appointed Mr Jef-frey Morford as managing director in London. He will be responsible for Ridder's direct equity invest-ments in European merchant banking transactions and one

banking transactions and for banking transactions and for the longer-term development of a structured and high-yield finance capability in the UK and European markets. The willingness of European investors to accept high-yield debt securities is a matter of some doubt.

The growth of mezzapine and junk bond financings in the US has not so far been matched by similar take-off in Europe.

However, Mr Morford said: "We believe the current trend towards restructuring and recapitalisation in Europe and the UK will continue, and will lead to increased corporate values and more use of mezzanine finance in transactions."

Mr Morford stressed that equity participation in tradi-tional merchant banking business would be the core of Kid-der's European operation. In the longer term, he said he would develop a European trading and sales team to sup-nert the amount of the sup-

port the emergence of a secdeht

Mr Morford will report directly to Mr Scott Newquist. executive director in New York in charge of investment banking. Previously Mr Morford was managing director of General Electric Capital Cor-poration's corporate finance department with special responsibility for leveraged transactions and structured mancings.

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**INTERNATIONAL CAPITAL MARKETS** 

#### Treasuries rise on back of Why Tokyo needs UK and US money boxes weak economic figures Richard Lambert examines how restrictions at home have led Japan's banks overseas

apanese banks have in

I recent years become the largest in the world in terms of absolute size. Most of

their growth has occurred in

Japan. But they also accounted for about half the growth of

total international banking

assets between 1984 and 1988, with branch offices in the UK and the US making up the

lion's share of the banks' inter-

However, this international

growth has not just been

driven by local market oppor-tunities, or by Japan's eco-nomic muscle. On the con-

trary, a large proportion of Japanese banking activities in

the US and the UK appear related to avoiding financial restrictions in Japan.

restrictions in Japan. This is the message of a recent study published by the Board of Governors of the US Federal Reserve System, and it leads to two conclusions. One is that estimates of local

market penetration in the UK and US which are based on

percentages of loans or assets in these two markets are prob-

national assets.

By Janet Bush in New York and Rachel Johnson in London

rate.

cent.

US TREASURY bonds moved. modestly higher yesterday morning in response to a set of weak economic data and a tentative sign that the US Federal Reserve is targeting Fed funds

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#### GOVERNMENT BONDS

at slightly below 8½ per cent. However, price gains were modest because distortions to CANADA · yesterday's industrial producsharply, and because of can-tion prior to yesterday's \$10bn sale of 30-year bonds, the last

At midsession, the bench-mark long bond was quoted % point higher for a yield of 7.86

per cent. Industrial production fell 0.7 per cent in October, following an unchanged performance in September. However, the Fed said that the weakness in this figure was due to the strike at Boeing and some disruption in production, particularly in the computer industry, because of the California earthquake.

It said that, without these effects, the index would have been little changed in October. Capacity utilisation dropped to 82.8 per cent from 83.6 per cent

terday, as the Federal Open Market Committee met, that the Fed may have wanted to in September. Retail sales dropped 1 per show its tolerance of a slightly cent in October, as expected, with very weak car sales being partly offset by other gains. Excluding autos, sales rose 0.2 aofter Fed funds rate in response to yesterday's weak economic figures and ahead of the 30-year auction. per cent. The other interest of the

■ THE UK gilt-edged market greeted the industrial produc-tion figures from the US "more and the up than 'Transmiss." morning session was provided by the Fed's open market operations. The Fed refrained from operating in the money market when Fed finds were trading at 8% per cent. The positively than Treasuries, said Mr John Sheppard, ster-ling hond analyst at Warburg Securities.

BENCHMARK GOVERNMENT BONDS Price Change Yield ago ago Coupon - Date UK GILTS 13.600 9/92 104-22 +0/32 11.51 11.60 11.85 9.760 1/98 95-04 +3/32 10.65 10.69 10.77 9.000 10/08 93-25 +4/32 9.72 9.77 9.75 US TREASURY 8.000 8/59 100-22 +5/32 7.89 7.97 8.04 8/19 102-28 +7/32 7.87 7.96 8.04 JAPAN No 111 4.000 6/96 94.4686 +0.193 5.55 5.78 5.43 No 2 5.700 3/07 101.4168 -0.090 5.54 5.48 5.25 GERMANY 0.750 6/99 85.3300 +0.130 7.44 7.31 7.14 FRANCE STAN 8.000 7/94 94.3686 +0.336 9.52 9.74 9.40 OAT 8.125 5/99 94.8600 +0.520 8.96 9.11 8.91 9.500 10/98 100.5000 +0.375 9.41 9.52 9.50 tion and capacity niflisation METHERLANDS 7.250 7/99 98.3600 +0.220 7.76 7.73 7.53 figures dopressed them AUSTRALIA 12.000 7/99 98.0474 +0.306 13.29 13.42 13.65 London closing, "denotes New York morning session Yields: Local market standard Prices: US, UK in 32nda., others in decimal

Technical Date/ATLAS Price Sources

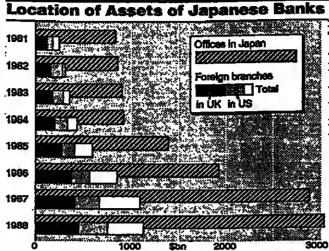
Longer-dated glits closed up six ticks from Monday, and at the shorter end, closed unchanged on the day. Vol-umes were extremely thin, as Fed had been expected to drain reserves from the system due to softness in the Fed funds It is difficult to confirm a. is in a subscript of the subscript of a subscript source, but some bond analysts felt that yesterday'e lack of action from the Fed sigtraders were waiting for today's Antumn Statement from Mr John Major, the Chan-

ably overstated. The other is that financial deregulation in Tokyo is likely to bring repatrimore active. GERMAN government bonds were fixed variably - between down 15 pfennigs and up 10 pfannigs - bnt moved upwards to close 15 pfennigs ation to Japan of at least some of those assets now classed as international banking business. The message is that if the City of London wants to remain a top international banking centre, it should stop moaning about restrictions on banking freedom in Japan. The study shows that the UK higher on the day on average. The futures led the upward move — the December bond, which closed at 90.47 on Monday, closed at 90.69 yesterday.

cellor. The futures market was

The market slightly recovered after Monday's falls of over a point

The Bundeshank set a twotranche repurchase tender offering 28-day funds at 7.3 per cent and 63 day funds at vari-ahle rates. Today, funds worth DM25.4bn drain from the market as two previous pacts



currencies other than sterling, and of that total more than 75 US residents. But the Fed study shows a rather different picture: affiliates of Japanese entities account for a substan-tial share of this business. per cent consists either of claims on overseas residents or of Eurocurrency claims on banks domiciled in the UK. Nearly half their claims on All this may seem very odd, given Japan'e enormous curshould its banking system need these money boxes in the US and the UK? The explanaoverseas residents represent claims on affiliated offices in

Japanese City banks have had to contend at home with low and regulated interest rates, on both deposits and

other countries.

A t the end of last year, London branches held over \$50bn net in claims on related offices. In the US, Japanese banks are also very large borrowers in local banking markets. But whereas the London offices serve as a funding source for related offices in other coun-tries, offices in the US tend to branches of Japanese banks be net takers of funds from offices in other countries. A large proportion of Japa-

the decade, with the insurance companies and trust banks grabbing a much higger slice of the cake. n spite of its big current account surplus, long-term capital ontflows from Japan have substantially

exceeded the cumulative current account surplus in recent years. A large proportion of this has reflected the acquisition of foreign securities by non-bank investors, euch as insurance companies and pen-sion funds. This again has been the result of regulatory changes in Japan, starting in the late 10000

more competitive rates to

depositors. The result has been

that the banks' share of total

financial assets has declined

sharply since the beginning of

the late 1970s. With long-term capital out-flows exceeding the current account surplus, the Japanese alance of payments has been balanced by short-term capital inflows - mainly by way of the banking system. Such inflows amounted to \$175bn in the three years to 1988 - a period when other Japanese institutions were investing heavily overseas. They were largely made up of net borrowings by Jepanese banks from their overseas branches, especially in London. The study concludes with an

interbank borrowings, and they have faced a greater demand for funds than they econometric analysis which attempts to test the factors can generate through deposits. The one way to meet this shortfall has been through net borrowings from branches in that have determined the development of Japanese banks in their two main overeas markets. Their activities in London

appear to be driven by four main factors: en less

and have been able to offer . The growth of the international Eurocurrency market. A demand for funds by their domestic offices to alleviate local funding constraints. · A demand for funding to dress up the parent banks' balance sheets.

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There appears to be a marked increase in assets reported in the UK around the time when the Japanese banks report their total assets: "The seasonal relationship is consistent with the use of these branches as flexible marginal funding centres for Japanese banks for window dressing purposes." purpos

• Some relationship to total Japanese trade, which the study finds difficult to inter-

pret. In the US, the analysis sug-gests that Japanese banking activity has also been strongly related to financial variables back home, as well as to condi-tions in the US market. Commercial and industrial loans at these US offices responded to expansion in Japanese trade and restraints on domestic Jep-anese interest rates, while interbank trading at US offices of Japanese banks responded to both price and quantity restraints on domestic Jananese banking activity.

Some people fear that Japa-nese banks are about to take over the world. This etudy snggests that

such concerns can be overstated.

The US and UK activities of Japanese banks: 1980-1988. Inter-national Finance Discussion Papers, Board of Governors of the Federal Reserve System. By Henry Terrell, Robert Dohner and Barbara Lowrey.

deal mainly in foreign curren-cies with non-UK residents. offshore markets. Other financial intermedinese bank activity in the US is aries in Japan have been less with customers identified as coustrained by regulations, Around 90 per cent of their total assets are denominated in

### **US firms invest in Wertheim Schroder**

nalled that the bottom of the

current target for Fed funds is around 8% per cent. Until yes-

terday, the target had app-eared to be centred on 8% per

There was speculation yes-

#### By David Lascelles, Banking Editor

eim Schroder, the Wall Street investment bank jointly owned by Schroders, the London merchant bank, and Wertheim fied, will join later. Schroder managing directors. They will join Mitsubishi each subscribe to about 5 per be available to finance deals.

BANK OF BOSTON and Massachusetts Mutual Life are to become investors in Werth-eim Schroder, the Wall Street The Schroder, the Schroder in the company. And the schroder is the schroder in the company. And the schroder is the schroder in the company. And the schroder is the schroder is the schroder in the company. And the schroder is a fourth institution from conti-neutal Europe, as yet unidenticome in the form of subscrip-tions to a large investment

day when it received over-whelming acceptance for its stocks. The Bank offered to convert the 9% per cent Conversion 2006 stock into the already larger 9 per cent Treasury Loan 2008. It received 98 per cent acceptance of its offer. In all, £687m of the outstand-ing £702m of stock of the 2006 issue prior to the offer was converted into the 2008 which, after valuation effects, increases the amount outstand-ing of the 2008 issue to £2,521m from £1,800m. The Bank said it was pleased

lem.

some market connections were critical of the Bank for not dealing with this problem earlier and with greater bold-ness, especially considering the consequences for the mar-ket of the Government switching from an issuer of debt

to a buyer of debt. Mr Roger Bootle, economist at Greenwell Montagu, said: "The Bank should be prepared to consider bolder steps. My view is that the market needs

The Bank will continue to make a price in the 2006 stock, of which £15m is left outstanding. Investors who missed out can sell it back to the Bank through brokers.

an a	LONDON MARKET STATISTICS	
FT-ACTUARIES SHARE INDICES	RISES AND FALLS YESTERDAY	LONDON TRADED OPTIONS
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Pacuity of Actuaries	Rises Fails Same British Funds 87 2 14 Corporations, Dominion and Foreign Bonds 9 1 33 Unportions, Dominion and Foreign Bonds 9 1 33	IT WAS another dismet day yesterday for the London Traded Options Market, where trading are becoming wider and liquidity Newsastie, options wolume rose.
EQUITY GROUPS Tresday November 14 1989 Nov How 20 490 490 490 490 490 490 490 490 490 49	Industrials         305         382         916           Financial and Properties         139         141         395           Oits         24         24         46           Plantations         0         2         7           Minet         80         19         69	was poor end volume thin. Although there was a slight pick-up in turnover from Monday, wolume was atlight to the company. However, for trades of any size. There was pone activity vester-

Bank of England wins approval for merging long-dated stocks

tion lies in Tokyo.

By Simon Holberton Economics Staff THE BANK of England's attempt to introduce greater liquidity into the gilt-edged market received a boost yesteroffer to merge two long-dated

with the successful outcome of the conversion offer. At virtu-ally no cost to the Government

### mist at Warburg Securities, said: "It must be judged to have been an outstanding suc-

have been an ourstanding suc-cess. More will follow." The gilt market consists of more than 100 individual stocks. But the need to buy back gilts to nentralise the monetary consequences of the Government's Budget surplus

### a larger, more liquid stock had been created, it said. Mr John Shepperd, econo-Mr John Shepperd, econo-

	Tuconay November 24 2707	13 10 9 (approx)	Plantations,	pick-up in turnover from Monday,	trades of any size. e speculative story, traders say this was a poor showing by tradi-
& SUB-SECTIONS	Est, Gross Est. Earnings Div. P/E xd adj. Index Day's Yield% Yield% Ratio .1989.		Mines 80 19 69 Others	volume was still low at 22,579 contracts, with the majority con-	day in British Steel options where. tional standerds. Volume was
Figures in parentaeses show number of stocks per section	lader Day's Yield% Yield% Rath 1999 No. Change (Nax.) (Act at (Net) to date %	No. No. No. No.	Totals	centrated in call options which traded 16,200 lots compared with	bounded 1 600 cottone and where 1.311 lots changed hands
	% (25%)			8,379 put options.	1,173 puts. Most of the trades against 2/1 puts.
1 CAPITAL 60005 (206)			LONDON RECENT ISSUES	option picked up a little but	word mande which set due out shead of the Chancellor of the
3 Contracting Construction (37)	1402.15 -0.3 17.69 5.52 7.42 56.64	1496.47 1411.67 1409.28 1557.00	RQUITIES	remains extremely low at 5,403 contracts. Most of the volume in	tomorrow. Ferranti was the second most statement today and the eco-
4 Electricals (10)		2523.82 2534.17 2532.99 2353.65 1922.56 1945.75 1942.29 1733.35		the FT-SE 100 was in call options	active issue where bid activity nomic figures due out towards the
6 Mechanical Engineering (53)	468.50 12.16 4.88 10.00 14.99	464.68 464.35 464.39 426.48	Issue Annut Latest 1999 Stock Closing for Net Times Gross P/E Price and Bate High Low Stock Price - Div Cove Yrkelfattio	where 3,744 lots traded egainst 1,659 put optione. The busiest	utiled voicing all colligations The Open interest on Monday rose
B Metals and Metal Forming (6)     Motors 0.89	359.62 -0.3 11.07 4.82 10.59 11.79		- EP - 68 51 Abinet New Dama States 68	series in the FT-SE 100 was the	most active series in Ferranti was slightly to 826,867 contracts with
10 Other Industrial Materials (24) 21 CONSUMER GROUP (185)	1646.44 +0.3 10.04 4.35 11.75 54.07 1254.54 -0.1 8.76 3.54 14.36 29.55	1641.86 1651.53 1649.80 1347.69 1256.37 1253.58 1249.33 1853.54	- F.P 66 51 Abronit New Dawn S Wts - 68 72 5 3.6 126 50 F.P 83 81 44'r London Sp. 83 82 5 2 5 3.6 126 50 F.P 255, 20 Yutator of Noticetica Sp. 20 12 5 5 9 24 9.3 90 F.P 100 75 eBottaki Deripatis Sbp - 100 1.6 5.9 24 9.3 90 F.P 91 85 6CA Strap - 10 14 1.8 5 33 71 10.1	December 2,350 call option which traded 1,021 lots.	the January 70 call option which open interest in the Fi-SC 100 at 122,130.
22 Brewers and Distillers (23)	1407.59 +8.3 9.29 3.50 13.46 28.12	1402.92 1494.56 1492.16 1129.47	T         F.P.         100         93         eBectonici Devipantis.50p         100         1.8         5.9         2.4         9.3           M2         F.P.         91         86         #CAGroup 5p         91         94         R2-5         3.6         3.7         10.1           M2         F.P.         201         71         56         #Canning for Instance         61         407/2 %         10.8         0.5         17.5           100         F.P.         201         71         56         #Canning for Instance         99         -1         407/2 %         10.8         0.5         17.5           100         F.P.         201         71         56         #Canning for Instance         99         -1         407/2 %         10.8         0.5         17.5		
25 Food Manufacturing (20)		1893.71 1897.11 1886.24 958.41 2295.13 2368.88 2296.93 1828.13	Ho         FI         OI         Al         CCA Group 5 minute         OI         HI		
27 Health and Household (14)	2537.40 -8.6 6.14 1.89 19.40 41.91	2552.99 2520.90 2596.29 1817.21	1         1         2         2         2         2         2         2         2         2         2         2         1         1         5         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7	CALLS PUTS	CALLS PUTS CALLS PUTS
29 Leisure (35) 31 Packaging & Paper (14)	538 75 LA4 12 38 544 10.12 17.67	1564.34 1572.06 1568.26 1407.76 532.67 531.84 532.42 539.27	707 [F.P.] - 920 873 Euro Dispertant FFr10 884 -21	Option Jac Apr Jul Jan Apr Jul	Option - Jan Apr Jul Jan Apr Jul Option Har Jan Apr Her Jun Apr
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51 Oll & Gas (15)		2133,70 2156,82 2128,39 1722,14 1216,83 1218,16 1212,93 1026,11	140 F.P 50 40 "Semperature - 22 -3 9.2 7 F.P (20) 2283, Stars & Free Stars - 224 +14 940% 3.5 3.2 8.2 7 F.P 929 933 Tay 18 4 Semilar 930 915 -6 046% 6.9 0.4 37.1	300 7 17 - 26 28 -	fution New Feb Hery New Feb Way Amarad 43 5 812 1112 412 512 712
59 500 SHARE INDEX (500)	783.36	783.49 785.71 776.15 682.85	P156         F.P.         152         159         effegul Note Emp 2p         160         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         - </td <td>Boots 250 27 38 42 6 10 15 (*279) 280 15 26 31 15 10 22 300 7 17 - 26 28 -</td> <td>Grit Ages 500 50 60 70 5 40 55</td>	Boots 250 27 38 42 6 10 15 (*279) 280 15 26 31 15 10 22 300 7 17 - 26 28 -	Grit Ages 500 50 60 70 5 40 55
62 Banks (9)	798.10 -0.1 21.61 6.26 6.08 35.17 1312.26 +0.4 - 5.67 - 47.56	799.28 805.62 784.88 663.84 1307.47 1307.13 1293.14 952.72	11 [17, - 1 25] 10 [ mountainer 1 10 - 10 - 10 [ 40 [ 44 [ 42 ] 81		(*526) 550 5 30 42 28 40 50 Bardays 500 30 50 58 11 27 28 600 1 15 24 78 78 82 (*515) 550 5 10 33 42 50 52
66 Insurance (Composite) (7)	665.37 +0.8 - 5.68 - 28.34	659.83 661.98 .658.27 517.46		B.P. 250 26 34 39 5 11 14 (*295) 300 12 22 26 14 16 21 330 212 912 15 36 36 37	BAA 330 17 32 43 15 10 14 Bine Circle 220 15 25 28 8 12 19 (7945) 360 15 16 26 18 26 29 (725) 240 - 19 - 30
67 Insurance (Brokers) (7)	1063.85 -0.3 6.95 5.80 19.15 43.26 423.49 -0.9 - 3.99 - 9.78	427.48 427.69 423.34 341.84	FIXED INTEREST STOCKS	Britisk Steel 120 9 15 15% 3 3% 6 (*126.) 13010%11	5/0 1 / 10 4/ 51 52 British Gat 180 20 24 32 112 412 7
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FINANCIAL TIMES WEDNESDAY NOVEMBER 15 1989

share of network advertising, combined with its cost reduc-

tion programme should help

#### **UK COMPANY NEWS**

By Andrew Hill

MR JOHN SCHOLES, chairman of Amalgamated

Financial Investments, has hit back at three dissenting AFI

shareholders, describing them as "the Wallies", and accusing

them of wasting his time with their attempts to get seats on the board of the investment

Mr Scholes launched the counter-attack in a letter to

counter-attack in a letter to AFI shareholders, probably the last circular before next Monday's extraordinary meet-ing. At the meeting Mr Rich-ard Wollenberg – a former director of AFI – Mr Rupert Fearce Gould and Mr Colin

Disposal of half liquid milk side and shortages have effect Unigate shares slip on flat figures

#### By Clare Pearson

PRE-TAX profits of Unigate, the food and distribution group, were flat at £44.2m in the half-year ended September 30 1989, compared with £43.8m. The result slightly disap-pointed City expectations and the shares fell 7p to 333p. The main factor holding

back the profit was the sale in January of nearly half of the liquid milk business to the Milk Marksting Board for

The remainder of Unigate The remainder of Ongate Dairies was hit by the milk shortage that arose in the UK and US during the hot sum-mer, affecting additionally the group's cheese and yoghart production. Continued worties about salmonella in poultry also affected food operations during the period.

At the operating level, prof-its fell to £45.3m (£49m) on turnover of £1.17bn (£1.11bn). Earnings per share rose mod-estly to 13.1p (12.7p), but the interim dividend is increased 8 per cent to 5.7p (5.3p). On prospects, Mr John Clem-

ent, chairman, said the com-pany should benefit from the current "partial recovery" in

the poultry market, which had seen prices rise with dimin-ished supply. Distribution services activities were being affected by high UK interest

UK food division overall con-UK took invision overall con-tributed £23.2m (£25.6m) to operating profits. The bright spot was St Ivel, which saw a number of new products launched during the summer, including the Fiendish Feet oblidenen's range Unicate children's range. Unigate Dairies was performing well in the circumstances.

A small improvement in the US food operation's operating profits to £6.2m (£5.9m) was entirely down to the Black-Eye Pea restaurants, with three new outlets being opened. Operating profits from cheese

fell to \$1.7m (\$42m). In distribution, profits fell by £900,000 to £12.9m. Car anctions showed strong gains. Higher interest rates resulted in reduced contract hire profits, although these rates encouraged new customers. Reflecting the milk business

disposal, finance charges in the latest period were well down at £4m (£7.2m). Mr Clement

John Clement (left), with his finance director John Worby expected net gearing to stand at about 10 per cent by the year-end. Property profits should be somewhat higher in the full-year than last time's

£6.7m. Capital expenditure during

the period was down by £17m to £48m, as the new Humberside poultry plant neared com-pletion. Much of the expendi-ture related to vehicle hire

### Midsummer up 50% to £10m

#### By Peter Berlin

MIDSUMMER LEISURE, the focus on the sector. acquisitive pub, disco, snooker club operator and slot machine company, increased profits by slightly more than 50 per cent in the year to September 30, from \$6.43m to \$9.82m.

The group also announced the sale of Chequers, its Mid-lands-based refurbishing and signmaking arm, to Dean & Bowes, the hotel, pub, club and restaurant refurbisher which is based in the south east, for £5.55m.

Midsummer's turnover rose to film (f40m) and earnings per share to 15.8p (10.4p). A final dividend of 3p (2p) raises the total to 4.2p (2.8p). Profits from the leisure stalling comprising discus

retailing, comprising discos, snooker clubs and the Firkin chain of pubs reached fil2m (£6.2m) on turnover of £36.9m (£26.8m) Mr Adam Page, chairman

said Midsummer viewed lei-sure retailing as its core activity and the sale of Chequers would allow it to increase its

Leisure services, which includes Riley, a snooker table builder, and Maygay, a slot machine maker, made profits of £1.05m (£886,000).

Midsummer reported an extraordinary debit of £2.9m, £2m of which was a provision against the fall in value of its stake in Leisure Investment. Midsummer shares, which peaked at 251% in May had dipped to a low of 146p by mid-October, but yesterday they rose 4p to 180p. Dean & Bowes will fund the

Chequers acquisition with £2.5m in cash and £3.05m in new ordinary shares. Mr Stephen Dean, Dean & Bowes chair-man, said Chequers had exist-ing contracts worth \$11m and an agreement with Midsummer for work worth £3m in each of the next two years.

O COMMENT

While Midsummer's core activities have continued to thrive, relations have wilted with a

City convinced that a rights issue is on the way. This time last year, gearing was 60 per cant and Mr Page promised that it would come down. Instead, Midsummer has con-tinued its free-spending ways with capital expenditure of \$25m (which it promises to cut £26m (which it promises to cut to £8m in 1990) and a series of acquisitions and near acquisitions. Midsummer argues, with good cause, that the purchases of TMF slot machines and 30 assorted licensed properties and the development of another 55 units has strengthened its core businesses. But the level of spending, com-hined with its abortive attempt to make a leap for the big time through its messy involvement with Leisure Investment, has depressed the share price. Mid-summer maintains it can live

with its level of borrowings because of the high yield of its businesses, and its focus on the 18-30 leisure market suggests it should remain resistant to any economic downturn.

holder gathering in August, following the dissidents' first attempt to join the board, which was folled when Mr Scholes declared their motions See Lex of election invalid. Ward expands in Europe with **Italian** buy

#### By Katharine Campbell

Ward Group, the North Yorkshire-based ateel and building components combine, has purchased a controlling interest in Piermattel Lavora-

interest in Plermitter Lavora-zione, a leading curtain wall company located in Rome. Ward is paying L2bn (£571,400) cash for a 74.05 per cent share of Plermattel. And it can purchase the balance. Piermattei has incurred losses in the last two years, related to problems on past contracts. Mr Tony Denness, Ward's finance diverting said Ward's finance director, said the drop in annual sales, from L8.9bm in 1968 to an estimated L5bm (52.38m) in 1969, was due to the same "weakness in proj-

ect management." Mr Denness hoped that by mid-1990 the business would be achieving an annualised turn-over of £5m-£7m, with profit-ability tracking the group's average return on sales of between 5 and 7 per cent.

#### Thames TV advances 27% but AFI chief describes warns of advertising slowdown dissident By John Ridding trio as AN INCREASED share of the interim dividend is raised 'wallies'

national advertising revenues lifted Thames Television, the largest ITV contractor, to pre-tax profits of £15.67m for the six months to September 30, an increase of 27.2 per cent.

But the company warned that despite an "outstanding sales performance" it was now experiencing a slowdown in advertising growth in line with other "I' companies

advertising growth in line with other TV companies. The improvement at the half-year stage was achieved despite further rationalisation costs which were taken as an exceptional item of £1.37m. Over the last 18 months, Thames has reduced its staff numbers by 350, or 15 per cent of the total, in an attempt to improve efficiency abased of improve efficiancy ahead of next year's increase in ambe-quer levy payments and the competitive tendering for fran-chises to be introduced in 1992

Weinberg are likely to repeat their accusations about the group's strategy and invest-Turnover, the large majority The issues were first debated at a stormy shareof which derives from advertis-ing revenues, increased from £111.45m to £123.95m. This represents 15.95 per cent of the network total, compared with 15.21 per cent in the first half of 1988.

Earnings per share increased from 16.16p to 20.31p, but the

only from 4.759 to 5.15p. Mr Derek Hunt said it was "a cau-tious dividend in the context of an uncertain outlook for advercifiset the downtam in adver-tising expenditure and the increase in the Exchagaer Levy from January, Nonsthetising revenues Thames said it was continuing discussions concerning the acquisition of Reeves Commu-nications, the US television production and distribution company. It declined to give details but said that it would abortly make an announce-ment less, while pre-tax profits should reach 237m this year, 1990-91 will do well to show further improvement. Increase ingly, however, assets and cor-porate activity rather than

porate activity rather than earnings are the name of the game in the valuation of televi-sion companies. And in these respects Thames stacks up rather well. It has a strong pro-gramme library and the fact that two investors, BET and Thorn EMI, hold over half of Thames' shares and have indi-cated that they may not be in-Thames also said that there had been no further develop-ments in discussions with metts in discussions with third parties, including Carlton Communications, the fast growing television services group. Earlier this year, the two companies held explor-atory talks believed to concern an arread meter cated that they may not be in-television for the long term adds speculative spice. While these considerations go mich an agreed merger. But Mr Richard Dann, manthese considerations go much of the way to supporting yea-terday's unchanged share price of 480p, the possible acquis-tion of Reeves Communica-tions certainly provides a flak. After TVS's unfortunate expe-rience with MTM, Thames will here to do a let of neuroscient aging director, said that "it is a misconception that we need

more financial weight." He said that because payments for the new franchises would be made in annual instalments the need for a large cash pile was reduced.

#### COMMENT

have to do a lot of persuading that it is wise to buy a US production company and that it is paying the right Thames' results were ahead of expectations and the increased

Alpine was acquired in November 1988 and, therefore, making its first contribution at

It also said that some cost-

Harry Ramsden offer 2.6 times oversubscribed

At the trading level, there-

at around

fore, profits were reduced from £2.23m to £1.98m. The com-

By Nildd Taft BLACKS LEISURE, the

autumn made an unsuccessful bid for A. Goldberg, yesterday reported pre-tax profits down 35 per cent at £1.31m in the six months to August 28.

of £25.8m (£23.5m), and the earnings per share figure -after a 23 (28) per cent tax charge - slides from 0.36p to

detailed profits breakdown but maintained that despite the difficult retail climate, its retail operations overall showed

is fairly seasonal.

the interim figures. It said that on its fashion and textile side, the retail envi-ronment had resulted in pres-sure on margins and volume.

cutting measures have been

commented that both operations were performing well, and Blacks chief execu-tive, Mr Simon Bentley said

In the letter, Mir Scholes says: "This incompetence raises a serious question as to how well they are suited to running a business as direc-Blacks Leisure falls by 35% tors. Mrs. Mr Scholes, who became AFT's chairman in January after buying a 14.7 per cent stake, goes on to defend the investment strategy of the

camping goods and sportswear retailer which earlier this

The figure is scored on sales

Yesterday, Blacks shares gained %p to 5%p. Blacks declined to give any

This, it said, was despite a loss from Alpine Sports, a ski-ing, climbing and camping. goods business whose business

was "satisfactory" given the

that he now expected a small profit from this source for the full year.

pany, however, was hit by a £668,000 interest charge (£203,000), reflecting gearing of around 100 per cent. At late-July, Blacks has abready disclosed that net debt Profis here showed "a signifi-cant shortfall" on the previous first half, although Blacks added that the performance stood £10.5m The company says that it intends to continue with its expansion of outlets - 36 new menswear outlets have opened

On sport wholesale distribu-tion - taking in the L.A. Gear and Fila businesses - Blacks

# menswear outlets have opened since February and sports/lei-sure space has increased by 10 per cent over a similar period. It is, however, attempting to shed its "penny share" status with a proposed consolidation, on the one new 500 share for every 20 existing 2.5p shares. The interim dividend is held at 0.05p per existing share. **DIVIDENDS ANNOUNCED**

13.41

- 11-

0.15

7.5 2.45 7.25

4.375

15 2.8 15 10.5 13.9

12 10.3

Conter ..... ing for Total

DEIGE.

Mr Rupert Pearce Gould said yesterday: "I think this circular is trying to debase the whole argument. Calling the other side wallies doesn't

smack of trying to be serious." The dissident trio have also urged fellow shareholders to oust Mr Scholes and his fellow director Mr Ellsworth Doubell 0.230 at the annual meeting which will precede the EGM.

Tace will offer engineering arm

to shareholders

TACE, the process control and

By Katharine Campbell

### **US** \$ Japanese Warrants

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#### Kleinwort Benson Securities Limited

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environmental monitoring and aualysis company, is selling its Midland-based engineering subsidiaries. Prospect, a new company, is to be sold via an onen offer in Teac durabilit ers of 65.63m shares at 10p, for

a total value of £5.55m. The unusual structure gives Tace shareholders the right to participate in growth of the separately listed company, explained Mr Jeremy Thomp-son, managing director of Tranwood Earl, which has helped to structure the deal and is underwriting the offer-

The offer comprises 25m new shares, in addition to the sale of Tace's own holding of 40.63m shares. Tace shareholders can apply

for Prospect shares on the basis of 67 for every 10 Tace, although 10 per cent will be held back for Prospect employ-

Vista Securities, controlled by Prospect chairman Mr Philip Wilbraham and his family, has sub-underwritten the offer on a priority basis up to £1.96

21.96m. Prospect will raise about 22.5m, which will be used to pay off debts, leaving some £400,000 as working capital. The disposal will net Tace about £3.5m, together with a further £870,000 from dividends and the repayments of certain intergroup balances. Pre-tax profits of Prospect's three constituent companies -

Thomas Eaves, HA Birch, and Airmatic Engineering - were £472,000 in the year to Septem ber 1988, with an estimated £735,000 in 1988-89.

Tranwood's association with Tace dates from a similar demerger attempt in 1987, when the former bid to split up London & Northern but lost to a higher bid from Svered. Mr Jock Mackensie, Tace chairman, held the same posttion at L&N.

#### BOARD MEETINGS

1			- v2
	Leberlane-		YEARS
i	Alas Paul	Nov, 20	
1	Baboock atternational	Nev. 20	- <del>-</del>
1	Barbuild Development	Nov. 23	
ł	Chierida	Dec. 1	× .
I	Continuous Stationery	Dec. 4	THIRTY
1	Footer (John)	Nov, 21	<u> </u>
I	Gibber Lyons	Nov. 21	x
I	Maring Industries		H
I	Marston Thompson Evershed	Nov. 22	
I	Mercury Asset Management Himste		
I	Merviown Wile	Nov. 21	:
I	Marryodwn Trille		-
I	Stirling Group	Nov. 20	N
l	Ficulty-		
1	Archimedes inv Trust	Dec. 12	<b>v</b> a
l	Eagoaridge Brick anternation	Dec. 13	<b>2</b>
Į	Stochold Exhibitions	Nev. 17	S (
1	Cepital Redio		YEARS
1	Civile Biosers		
l	Ferry Pickering	Nov. 21	<b>~</b>
1	Facto City Sound Mersey	Nov. 28	i i i i i i i i i i i i i i i i i i i

Nov. 22 Kov. 20

	payment	payment	dividend	- YOR!
Ambrose law Tet	5,28		4.58	
American Bus Sysint	· 0.8	- 1m	0.7 :	-
Amersham tot	1 3.71	Jan 8	3.5	· • ·
Blacks Leisure	0.051	Feb 14	0.05	1 m
Five Oaks have	11	-	1.25*	1.6
Floming High Incint	13	Jan 3.		
Great Portlandint		Jan 11	2.5	· •
Just Rubber 5	0.94	Jan 4	0.8	
London Inti		Apr 8	2.35	· .
Marshallsint		Apr 6	1.125	
Netro Radio 5		Jan 10		3.75
Meyer Inti				
Watermer Laloure_fin		-	2	4.2
Thames TY		-	4.75	
Torridingons		Feb a	7.5	11.5
Unigate		Jan B	5.3	
Wardle Storeysfin		Jan 11	8.675	14
Yeoman inv Tat		Dec 29	. 5	

Current Date of pond

rights and/or acquisition issues, §USM stock: §§Unquoted stock, @Third market. §Directors forecast final of 1.25p to make total of 12.25p for year. #Special interim payment. \*Carries scrip option.

By Clare Pearson

The offer for subscription of 4m shares in Harry Ramsden, the fish and chip restaurant, was oversubscribed 2.6 times. Graig Middleton, the stock-broker sponsoring the company's entry onto the Third Market, said yesterday the basis of allocation in the

basis of allocation in the shares, priced at £1 each, would be as follows: Applications for between 500 and 1,000 shares will be selected by ballot and will have spproximately a three-in-five chance of being allocated 500 each; while applications for 1,250 ordinary shares and over will be allocated 500 each.

will be allocated 500 each. Dealings are expected to commence on November 24.

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	INTERIM	RESULTSF		A CONTRACTOR OF	
	Unaudited revenue account	Half-year to 30.9.89 2°000	Half-year to 30.9.88 £'000	Year to 31.3.89	

20091110	2'000	to 30,9.88 £'000	31.3.89 £'000
Income on ordinary activities before tax	16,172	13,120	29,360
Income on ordinary activities after tax	10,504	8,535	19,561
Earnings per share	5.4p	4.4p	10.0p
Dividends per share	3.0p	2.5p	7.50
The results for the year anded 31.3.49 are a with the Registers of Companies and cost per share for the ball-year to 30th Septemi reflect the affect of the 1 for 5 scrip into a p	bridged from the full account ain an unqualified audit repo ber 1988 and the year to 31st J July 1989.	na for that year, which ) re. Earnings per share z Garch 1989 have been re	nur bern filed ad Dividenda stated to
Earnings per share	re un 23%.		

■ Interim dividend increased by 20%.

Five Central London projects now under construction comprising over 300,000 sq.ft.

Richard Peskin, Chairman

For a copy of the full Interim Report write to the Secretary, Knighton House, 56 Mortimer Street, London WIN SBD.

E THIRTY YEARS ON ... THIRTY YEARS ON ... THIRTY YEARS ON ... THIRTY YEARS ON ...

#### **UK COMPANY NEWS**

### Higher interest |Figures which can give the wrong impression charges leave Meyer lower

#### By Ray Beshford

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yesterday provided conclusive evidence of the impact that higher interest rates have had on building material and timber merchants with the announcement of a 8.1 per cent decline in interim profits. Reflecting a sharp reduction in demand and a substantial

increase in interest charges, increase in interest charges, the pre-tax figure cased from £41.81m to £40.5m in the six months to September 30. Earn-ings per share improved to 29.35p (28.24p). Mr Oscar DeVille, chairman, said that the trading condi-tions, which began to tighten in July, became progressively -more difficult and would have a more profound effect on

a more profound effect on results for the current half. The shares slid 13p to 320p as City analysts revised their profits forecasts in the expecta-tion of an accelerated deterioration for the rest of the

year. "High interest rates and the prevailing lack of confidence in the economy continue to create uncertainty for the second half, but we believe our fundamental strengths, resilience and strong management con-trols will give us a competitive advantage," Mr DeVille said. The decision to lift the

interim dividend by only 5 per cent to 4.2p was seen by the City as an indication of the board's lack of confidence in prospects for the remainder of the year. The interest charge soared

The interest charge soared from £911,000 to £8.98m, although the figure is put into a clearer perspective when compared with the £6m charge in the preceding six months. A significant portion of the latest charge relates to Meyer's

#### **Nat Telecoms** warns of £1m loss midway By Clare Pearson

National Telecommunications which two months ago said it was prepared to be bought by another company, yesterday warned it had lost more than film in the first half of tha

year. The shares shed 21p to 60p at this new turn in the chequered history of the company, which came to the main market via an offer for sale pitched at 1200 in July 1988.

Ne firm outcome has yet emaged from the bid discus-sions with industrial pertoers which the company entered

MEYER International 21 per cent holding in Travis vesterday provided conclusive Perkins. The stake was purchased during the attempted takeover of Travis & Arnold which failed last October, when Travis and Sandell Perkins reached agreement and merged their builders' merchants busine

accountants Price Waterhouse, has slashed the pro-tax figure from 217m to 55.4m, with the result that the previously announced final dividend will pat he paid Mr DeVille said that the Mr DeVille said that the Travis Perkins stake had a pos-itive effect on earnings per sbare but remained a "cash drain". The company declined to be specific about long term objectives with the holding but conceded that "there is not a long queue outside the office to huy it." not be paid. Further, if suggests that the 1987-88 figure was overstated by more than 22m, and should be £10.8m, not £13.1m. And it has concluded that there is a further £2m in the profit and loss account from previous years which should not be there. If that was not galling enough, not only is no redress

Meyer's interest charge was also swollen by borrowings to cover expansion into the Dutch market. Over £70m has been spent developing the Dutch

spent developing the butch activities as a foothold in the continental European market. In its first full six months, the Dutch business contributed £5.85m at the operating level to stamp it as the company's most investment courts area enough, not only is no redress being sought from those who sanctioned, the publication of these figures, but Mr Bernard Collins, the former chief executive, who has progressively retired from the board during most important growth area. Isolated from the difficultie the past few months, remains on an annual salary of £225,000 in Meyer's domestic market

on an annual salary of 1225,000 until mid-1991. In addition the former finance director gets a pay-off of £125,000 with a fur-ther £40,000 to augment his pension. the Dutch operations returned turnover of £106.27m and the company was confident that recent additional investment Investors must be blinking with disbelief.

recent additional investment would enhance the return dur-ing the current half. Jewson, which operated some 220 builders' merchants outlets across a broad geo-graphic spread in the UK, improved operating profits by 16 per cent to £20.58m (£17.73m) on turnover of £249.02m The one encouraging feature for shareholders in yesterday's announcement was that Cray and its advisers appeared to have secured a new manageon turnover of £249.02m

blance to reality.

accounting policies for the year to end-April conducted by

Further, it suggests that the

(220.96m). Forest products, the com-pany's second largest division, lifted operating, profits to £6.88m (£6.31m) on turnover of £100.34m (£90.87m) See Lex

Arrangement schemes for **NEI** preference not approved By Clay Harris

Northern Engineering Industries was taken over by Rolls-Royce in May but its preference shares have a life of their own. Holders of NETS three pref-

"Brence issues failed on Monday to approve schemes of arrange-ment by the necessary 75 per cent majorities to allow Rolls-Royce's offers to pro-

The offers at 39 per cent above prevailing market prices were dependent on the of arra

CCOUNTANCY, it is ment which should at were audited by Arthur Young, said, is an art not a sci-ence. In reading vesterday's future. A CCOUNTANCY, it is said, is an art not a sci-ence. After reading yesterday's announcement from Cray Elec-tronics, the company's 3,000 ahareholders could be forgiven for thinking that it is a highly-developed form of Impression-ism, where the objects depicted bear only a minimal resem-blance to reality. Sir Peter Michael, Mr Jeffrey

Harrison and Mr Jon Richards are well-known from their days as chairman, finance director and operations director respec-tively of UEI, the digital pro-cessing and engineering com-pany which was bought by Carlton Communications last

A review of the company'e May. News of their impending arrival moved Cray shares 12p higher to 65p yesterday. But that is still way short of the 1987 peak of 275p, or even the 200p seen a year

ago. The three men have extracted a good price for their services. They enjoy annual service contracts worth £120,000 each and have com-plex subscription agreements which could, if all goes to plan, give them more than 20 per cent of Cray's ecouity.

than 20 per cent of Cray's equity. They even have an option agreement to subscribe for 1.5m Cray shares at 54p if the management buy-in is not approved by shareholders. That is essentially a protection in case a bidder for the group should suddenly emerge. The management changes are only partial comfort given the sorry tale of what has gone awry. At the heart of the com-pany's accounting problems

was its treatment of research and developmant expendit-

Cray is engaged in electronic engineering for a variety of sectors, including defence and industrial security. Ite accounts in prior years, which

Laround 1850 by the Jointed Ship Company of London. She was built with three hinged sections, the object being to help the ship ride easier in a rough sea. Her maiden voyage was down the Thames to Erith Reach.

that development expenditure on an individual project is car-ried forward when its future recoverability can be foreseen with reasonable accuracy

Nikki Tait considers the accounting problems at Cray Electronics which have cut profits

Such spending was not taken against profits in the year in which it was incurred, but written off instead over a

ree-year period. This, as Price Waterhouse points ont, is permissible under current accounting standards. Elaborating, other accountants say that there are some fairly stringent restric-tions on what expenditure can be treated in this fashion. And, as one put it, "the literature demands that you are conservative"

Valuve". In this case, Price Water-house has recommended that Cray should adopt a policy which "accords with general practice in the sector". It is for this reason that £23m has been written off the 1927.88 protect written off the 1987-88 pre-tax figure and approximately £2m off profits logged prior to

that. The write-off on the £17m first suggested for 1988-89 is a more hefty £4.3m, which is even higher than the £3.68m of development spending which Cray had indicated had been capitalised when it published the figures in July. This, said Cray's on-going directors yes-terday, was because some prod-nct development expenditure had also been wrongly had also been wrongly classified as "work in

progress". But the overstatement of the 1988/9 figures did not end evebrow".



Sir Peter Michael: has some aspirin on the table

there. Price Waterhonse pointed to a variety of account-ing practices which it suggested should be aban-

•a so-called "sale and lease-back" transaction on three properties was treated as an operating lease, adding the profit on the deal to the pre-tax profit on the deal to the pre-tax total, rather than a finance lease, when the profit would have to be spread over the life of the lease. This treatment increased the 1988-89 prelimi-nary figure by £2.47m. Again, there is an accounting stan-dard dealing with such mat-ters, and yesterday one impar-tial accountant sold that the tal accountant said that the sight of a company making this sort of mistake would at least cause him to "raise an

•merger accounting, which should be restricted to acquisitions "in which the commercial substance of the transaction justifies this approach". Yesterday's restatements, however, made no allowance for any mistaken application, on grounds of practicality.

extraordinary item of £1.79m, relating to certain closure costs should have been higher, to include all the parties of the sector. to include all the costs relating to the closures; there should have been a more prndent approach towards the recognition of

income and costs, particularly on long-term contracts; and profit on certain inter-group sales should be eliminated. The last three elements

together led to the write-off of a further £2.23m from the £17m total declared. To complete the picture, Price Waterhouse suggested that further provisions, in the light of a post-balance sheet review of major contracts and some of the costs involved in its own study, should reduce the 1988-89 figure by a further

£2.7m. After allowing for all the

suggested changes and write-offs the 1988-89 figures reveal a retained deficit of

The impact of the reassess-ment spills over from the profit and loss account into the bal-ance sheet. Cray's gearing at April 30, after including the reclassified finance leases, is now put at 100 per cent instead of 48 per cent, interest cover for 1988-89 comes down from 11.7 times to 2.5 times and shareholders wave good-bye to

their promised final dividend of 3.25p.

Two questions arise. Might any legal action flow and why were directors, who were in charge when these figures

29

charge when these figures were released, are now receiv-ing fairly generous pay-offs? On the first, Sir Peter Mich-ael said only that he could not comment. But the reaction of Mr Stephen Trudgill, the non-executive director who has taken up the chairman's reins on Mr Collins' departure, ques-tioned who the company might tioned who the company might

sue and on what grounds. On the latter, Cray's explanation is that this was most efficient means of dis-lodging the incumbant management. The group pointed out that there were some well-paid and extensive service contracts in place, adding that legal advice had been

That, however, seemed to stick in the gullets of s couple of Cray's larger institutional shareholders, who were not previously told of the arrange-

"That's something we might need to consider." remarked one. "It does sound excessive," added another, with acknowl-edged understatement.

As for the future, assuming the management injection goes ahead, Sir Peter is fairly cantious of predicting the strategy at this stage, although disposals to help case gearing seem one possibility.

"We've got some aspirin on the table," he joked yesterday, contemplating the task. Perhaps he could spare some for Cray'e shareholders - not to mention the accountancy pro-

The "Connector" was built

In the year to end-March, profits fell from £2.91m to £2.64m. This was due to a local manag ment problem in distribution.

because Rolls-Royce wanted to buy all or none of the shares. Separate accounts will con-tinue to be published for NEL.

#### Talbex aerosol factoric. sold to CCL for £10m By Clay Harris

CCL INDUSTRIES, the largest contract filler of aerosols in North America, is moving into-Europe with the purchase of the aerosol operations of Tab the acrosol operations of Talber Group.

The acquisition of aerosol factories at Scunthorpe and Grimsby in South Humberside, from receivers who were appointed at Talbex last month, cost CCL less than £10m. The assets changing hands have been valued at about £12.5m.

about x12.011. The new owner said yester-day it planned to increase the volumes handled by the Talber, plants by filling aerosols not only for continental European customers, but also for the North American washed

customers, but also for the North American market. Mr Robert Broad, a director of Toronto-based CCL, said the Scanthorpe factory, which he described as "probably the most modern, efficient and safe aerosol facility in all of Europe", was the main attrac-tion. tion.

Scunthorpe specialises in hydrocarbon propellants, rather than ozone-unfriendly chlorofluorocarbons (CFCs). The less-modern Grimsby fac-

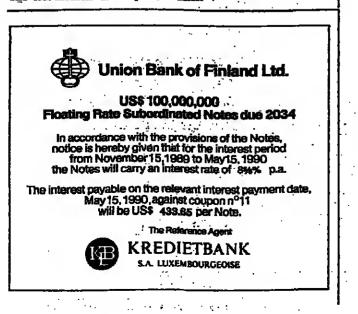
tory fills aerosols with house-hold, industrial and agro-chemcal products. CCL held unsuccessful talks

with Talber before the receiv-ers were appointed. The price it paid did not differ considera-

bly from that offered previ-ously, Mr Broad said. The deal is CCL'e second sig-nificant expansion in less than a month. It recently completed the \$48m (\$30m) acquisition of Hi-Port Industries, Texas-based owner of Peterson/Puritan, the

largest contract filler of aero-sols in the US. Mr Roger Marsh of Price Waterhouse, one of Talbar's Joint administrative receivers, said buyers were still being sought for the group's UK property interests, including a drift mine in South Wales, and

Victoreen, a US designer and manufacturer of radiation monitoring equipment. He said it was too early to judge whether the Talber shares would have any resid-ual vaine. They were suspended at 6%p on October 4. The receivers were appointed less than two weeks appou later.





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Wardle Storeys

1989

Share price (ponce)

1988

O COMMENT

trong bid is taken as part of a \$1.36m extraordinary item.

21.56m entraordinary item. Earnings per share fell to 19.1p (44.1p) and the share price slipped 12p yesterday to 265p. Some consolation is being dispensed in a dividend increase from 12p to 14p.

Wardle is making the right

noises about action taken to lay the foundations of recov-

ery. It refers to the manage

ment shake-np, to the resp-praisal of stock and to

praisal of stock and to increased efficiency at various factories. However, this may be met with a degree of scepti-cism as the City-takes time to forgive the unpleasant surprise caused by the first profit warn-ing back in February. More fundomentally, the company is

fundamentally, the company is valuerable to downturns in both the building and automo-tive industries, so the grasping of nettles will have to be thor-

ough to achieve a substantial improvement in margins. Its key advantage is its cash

which could be used to pick up small but fruitful add-on com-

panies. Pre-tax profit forecas

is for £10m to £11m which

gives a prospective multiple of between 9 and 10, but all except gamblers will wait for more concrete evidence of its

700

600 %

400

300

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-30

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up to 50,000,000 Ordinary Shares of 10p each at 50p per share payable in full on application and 10,000,000 Warrants for no additional consideration. The Ordinary Shares and the Warrants of the Company will be issued in units of

Recovery in North American condom market LIG disappoints City with 23% advance to £16.2m

#### By Andrew Hill

LONDON INTERNATIONAL Group, the consumer products and services company, disap-pointed the City yesterday, despite announcing a 23 per cent increase in pre-tax profits to £16.2m in the half-year to the end of September. The figures fell at the lower

end of most analysts' estimates and compared with £13.2m in the equivalent period, restated to show the effect of regular pension costs. Shares in LIG, which is best known as the manufacturer of Durex con-doms, slipped 11p to 233p yes-terday.

Mr Alan Woltz, chairman and chief executive, was opti-mistic about prospects for the

group. "We are still confidently able on-year performance target for the group as a whole is 15 per cent growth in pre-tax profile," he said yesterday. LIG said Hatu-Ico, its Italian

Life same rand-co, its manan manufacturer of condoms and wealth and personal products, howed a strong performance n what is traditionally the weaker half of the year. In the first half operating

rofits were almost equally plit between the health and port between the nearth and bersonal products division, which made £10.2m (£8.4m) on ales of £106m (£97.8m), and he photoprocessing division – ColourCare – which increased wolfts from £8.4m to £10.6m turnover of £67.1m 57.9m).

Overall turnover rose from 164m to £173m as the North merican condom business ecovered from the ill-effects of ab-standard raw materials

Mr David Marshall, chairman, warned that selling build-ing materials was likely to come harder during the next 12 months with investment in construction likely to suffer as

estimated to be to house-builders and most of these are in the north of the country where house sales have been less affected by rises in mortgage interest rates.

About another 13 per cent of sales are to the DIY market, mainly in sonthern England. This market has been badly affected by rising interest rates and sales have fallen in the

than sterling. · COMMENT

> In spite of a strong publicity campaign to restore market hare, the recovery of LIG's

pre-tax profits for the group to \$36m or £37m for the full year which puts the shares on a pro-13, a premium to the market which investors may not be prepared to pay until further firm evidence of recovery

### Marshalls advances 38% to £16.6m but warns on sales

· COMMENT

Because of the bias of its mar-kets towards the north and

towards local authorities and private developers, Marshalls

By Andrew Taylor, Construction Correspondent

PRE-TAX PROFITS of Marshalls, the Yorkshire-based building products group, rose by 38 per cent to \$16.64m in the are flags and kerbs, concrete block paving and special pav-ing. These are sold mainly to local authorities and to owners six months to end-September of industrial plant, which want

hard wearing but attractive buildings and thoroughfares. This section of the building materials market, particularly for local anthorities, was expected to remain strong even if there was a downturn in commercial development, Mr a result of high interest rates, However, only about 16 per cent of Marshalls' sales are Marshall added.

Group sales rose 27 per cent from £74.38m to £94.49m. Earn-ings per share, fully diluted to take in conversion rights of preference stock, rose 18 per cent from 7.08p to 8.38p. The interim dividend is increased 11 per cent to

first half, Mr Marshall said. The group's biggest sellers

#### **Oryx stake** to Gencor for £82m **RTZ CORPORATION**, the

**UK COMPANY NEWS** 

world's biggest mining group, has sold its 29.9 per cent stake in Oryx Gold to General Min-

Gencor, South Africa's second-largest mining company, already had a 52 per cent interest in Oryr. The purchase raises its holding to about 90

per cent. RTZ acquired the Oryx stake from British Peiroleum earlier this year, as part of a \$4.3bn purchase of its mineral assets. In August, RTZ sold its stakes in Unisel Gold Mines and Gold Fields Namibia.

RTZ said the company was following its "underlying strategy" of having "manage-rial control of mining operations" rather than stakes representing only an equity investment.

Only a 50 per cent stake in Bichards Bay Minerals, a tita-nium dioxide producer, remains of the BP holdings in South Africa acquired by BTZ.

**Profits halved** to £7.25m at Wardle Storeys

By Jane Fuller WARDLE STOREYS, the plastic sheeting and survival

equipment group which carlier this year failed to win a take over bid for Armstrong Equip-ment, saw profits fail by 56 per cent for the year to August 31. Taxable profit plummeted from £16.47m to £7.25m on turnover up by little more than

turnover up by little more than fin to £77.25m. Mr Brian Taylor, chief enera-tive, said that because of the disappointing results the only director to receive a salary increase this year would be one who had joined the com-pany only 12 months ago. Man-agement changes at various levels have also been made. From an operating profit of £6.16m (£14.49m), the figure was first boosted by about £2m interest received and then punctured by a £1.98m encep-

punctured by a £1.98m exceptional item. This relates to a devaluation

of stock following a review. For example, a new financial con-troller at RFD inflatables discovered that costs had been significantly understated on orders for large marine escape

Mr Taylor said the technical products (plastics) division had lost sales to European competi-tors who had in some cases nndercut Wardle's . prices. Action taken had restored vol-umes, but margins had yet to return to previous levels.

Some orders with the auto-motive industry had been lost because of model changes and has been less vulnerable than some of its rivals to a down-turn in building materials sales. Less than a third of there had been delays in bring-ing in the business that was expected to replace this. The survival equipment divi-sion had suffered from custom-er-imposed delays in overseas group sales are to housing and DIY markets which have had a

difficult time this year. Sales o bricks at Armitage, in for a full six months, have fallen. Sales contracts for parachutes. Profit there had also been held down of of concrete block paving, or the other hand, are up 37 per cent; special paving up by 36 per cent and flags and kerbs by by a pay award and reorganisation cost At RFD Inflatables, spending

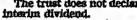
22 per cent. Growth after strip ping out the effect of acquisi-tions and increased capacity on product development was beginning to come through with orders 30 per cent ahead. was still 25 per cent compared with the first half of the previ The £1.19m cost of the Arms-

win the first half of the previ-ous year. Profits for the cur-rent year, helped by the new US acquisition, should be about £30m. This puts the group on a prospective p/e of just over 7 which is about aver-Stratton Invest assets up 32%.

recovery.

The net asset value of Stratton Investment Trust was 173p at months to end-September September 30 1989 - an amounted to E117,600 (£83,600), advance of 32 per cent on the figure at the same stage of the previous

Net revenue for the six leaving earnings of 0.93p (0.66p) per 50p share. The trust does not declare an





Alan Woltz: optimistic about ects for group

and destocking last year. Earnings per share rose to 8.27p (7.15p) and the company declared an interim dividend of

2.7p (2.35p). Mr Woltz said the the increase in the interest charge - up from £3.9m to £4.6m was mainly due to the effect of exchange rate fluctuations on borrowings in currencies other

share, the recovery of LiG's North American condom bust-ness from last year's problems was not quite as strong as some of the company's follow-ers would have liked. Analysts are certain that LIG can meet its self-imposed target of 15 per per cent

its self-imposed target of 15 per cent year-on-year pro-tax prof-its growth and they believe Mr Woliz's claim that people will go on buying condoms and medical gloves during a reces-sion; but on the question of whether or not to buy the group's shares they are more doubtful. Hatu-ico's stronger second half will help boost bre-tax profits for the group to

spective multiple of about 12 or

emerges

# ing Union Corporation (Gen-cor) of South Africa for R345.2m (282.30m).

**RTZ sells** 

Authorised	SHARE CAPITAL	To be issued
£6,000,000	in Ordinary Shares of 10p each	fully paid up to £5,000,000

First Philippine Investment Trust PLC is a new investment trust which will invest in the stock markets of the Philippines. It will be managed jointly by Tyndali International (Asia) Limited and Anscor Capital and Investment Corporation. Gerrard Vivian Gray Limited are secondary distributors to the placing. Listing Particulars of the Company are available in the statistical services of Extel Financial Limited. Copies of the Listing Particulars will be available during normal business hours on any weekday, Saturdays and Bank Holidays excepted, for fourteen days from the date hereof from-

First Philippine Investment Trust PLC 25 Bucklersbury London EC4N 8TH	Citicorp Scrimgeour Vickers Ltd P.O. Box 200 Cottons Centre Hays Lane London SEI 2QT
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London WCIV 7EB	Central, Hong Kong

Copies of the particulars are also available from the Company Announcements Office, The Stock Exchange, 46 Finsbury Square, London EC2A 1DD for two business days from the date hereof.

15th November, 1989

#### NOTICE OF REDEMPTION

#### **Prudential Overseas** Funding Corporation, N.V. 101%% Guaranteed Bonds due 1993

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by Prudential Funding Corporation

NOTICE IS HEREBY GIVEN, that pursuant to the Indenture dated as of April 15, 1983, as supplemented, among Prudential Oversees Funding Corporation, NV., Prudential Oversees Funding Corporation, as Guarantor, and The Chase Manhattan Bank, N.A., as Trustee (the "Trustee"), Prudential Oversees Funding Corporation, NV. has called for redemption at its option on December 15, 1988 (the "Redemption Date") all of its outstanding 10346 Guaranteed Bonds due 1983 (the "Bonds") at a redemption price of 101966 of the principal amount thereof (the "Redemption Price") together with interest accrued and unpaid thereon to the date fixed for redemption. Payment will be made upon presentation and surrender of the Bonds at the below fixed paying agencies, logether with all appurtement coupons, if any, maturing subsequent to the Redemption Date. Bonds stall cease to accrue from and after the Redemption Date. Coupris psysible December 15, 1988 should be detached and presented for payment in the normal manner. Registered Interest psysible December 15, 1989 will be paid in the normal manner. Payments will be made at or of the following names and the reserve in the section of the prince of the prince of the prince of the section Date. The amount of any missing, unmatured to payment in the normal manner. Registered Interest psysible December 15, 1989 will be paid in the normal manner.

nts will be made at any of the following paying agencies listed below:

The Chase Manhettan Bank, N.A. London Branch Woolgale House, Coleman Street -London, EC2P 2HD England

Banque de Commerce S.A. 51/52 Avenue des Artes B-1040 Brussets, Belgium

**Porete Bond Re** Box 2020 1 New York Pizza, 14th Floor New York, New York 10061

Payment pursuant to the presentation of the Bonds for rademption made by transfer to a United States dollar account maintained by the payee with a bank in the United States, may be subject to reporting to the United States internal Revenue Service (IRS) and to beckup withholding of 20% of the gross proceeds (Including premium, if applicable) if a payee tails to provide a paying agoin with an executed IRS Form W-8 in the case of a non-U.S. person or an executed IRS Form W-9 in the case of a U.S. person. Those holders who are required to provide their eccurate Taxpayer identification Number and who fail to do so may also be subject to an IRS pensity of U.S. \$60. Accordingly, please provide all appropriate certification when oresenting the Bonds for payment. ig the Bonds for payment

PRINTIAL OVERSEAS FUNDING CORPORATION, N.V.

By: THE CHASE MANHATTAN BANK ional Associa on), as Trust

Dated: November 15, 1969

Great Portland benefits from West End strength

By Paul Cheeseright, Property Correspondent

GREAT PORTLAND Estates, the property and investment group with over three-quarters of its portfolio in the West End." mate has made the market more difficult for the time being, although interest contin-ues to be strong for those prop-erties which are available for letting, particularly in the West End." The group is obtaining the mate has made the market being, although interest contin-ues to be strong for those prop-erties which are available for letting, particularly in the West End." The group is obtaining the mate has made the market being, although interest contin-ues to be strong for those prop-erties which are available for letting, particularly in the west End."

The group is obtaining the financial results from a more active management policy that became apparent three years

But Mr Richard Peskin, the chairman, warned: "The cur-rent uncertain economic cli-

Pre-tax profits for the six mouths to last September were £16.17m, compared with £13.12m. Earnings per share were up to 5.4p (4.4p) and the interim dividend is raised to 3p (2.5p)

age for the sector, and reflects

fears about prospects for pri-vate commercial and industrial

development in the second half of 1990.

intention. Gradual enlargement of the portfolio and the higher level of rents obtained on reviews meant that Great Portland's rental revenue, the staple of its income, rose in the 1988-89 first half to £22.14m, from £16.81m. (2.5p). With the one-for-five scrip Bride Hall, its 50 per cent

owned development and trad-ing unit, doubled to \$1.62m half takings. But charges on from \$827,000. boost second half takings. But charges on the development programme

#### **O COMMENT**

Great Portland is fortunate that its real strength is in the West End, where the property market remains more buoyant than elsewhere. Rental revenue should rise to £48m for the whole year as the first income from a business park in Wey-bridge, a pre-let in the West End, and a retail warehouse

could almost double £7m in the second half. All of that could leave Great Portland with pretax profits of up to £36m for the full year and net assets per fully diluted share of abont 440p. The shares at 297p, like those of other companies of its ilk, are in a trough and likely to stay there until the economy cheers up. Discount to prospec-tive nav is 32.5 per cent.

### **Metro Radio exceeds flotation forecast**

#### By John Ridding

METRO RADIO Group, the independent radio company which broadcasts in north-east England, yesterday demonstrated the continuing buoy-ancy of the commercial radio sector by announcing sharply

increased profits. Pre-tax profits for the year to September 30 1989 rose from £1.04m to £1.61m, on turnover np from £5.38m to £6.48m.

This was higher than the £1.5m forecast at December's USM flotation and the shares closed up 10p at 173p. More than 80 per cent of the increase in advertising reve-

nues resulted from the growth of local advertising, which increased by 25 per cent over 1968. National advartising, by contrast, grew by only 9 per cent over the period. In line with many indepen-dent radio companies, Metro has increased the number of stations it operates by splitting

stations it operates by splitting

stations it operates by spitting its broadcasting frequencies. In April, it launched Great North Radio which broadcasts on AM and is targeted at the 35-mid 50's age bracket. Mr Neil Robinson, managing director, said that following the launch of GNR, the group's stations were now heard by

over 50 per cent of the region's of population each week. year The group claimed that since M 1988 its share of listening in "wh

the area has risen from 39.9 per cent to 44.2 per cent. Almost £100,000 of the

increase in revenues came from new activities including programme syndication, corpo-rate video production and sales of specialist music tapes.

The period also saw a sharp increase in income from pro-gramme sponsorship, ahead 67 per cent to £275,000. Ramings per share increased from 8.2p to 10.4p. The final dividend is 2.5p giving a total

tions.

3.75p for the

year. Mr Robinson said that "while no major acquisitions have been made the group is continuing to explore opportu-nities to develop the group." He said that Metro was cur-rently talking to two groups concerning possible acquist. concerning possible acquisi-

Metro has resigned as a client of Broadcast Marketing Services, the national sales services, the national safes agency, and intends to sell its 20 per cent stake. Mr Robinson said, "We had reached satura-tion in terms of development with BMS."

Investment Trust moved up from 28.16p to 31.24p per income share and from 666.87p to 706.94p per capital share over the 12 months to September 30. Total revenue for the six months to end-September rose from £681,123 to £850,297, which included dividends of

Net asset value of Ambrose

**Ambrose Inv** nav increase

2668,244 (£557,721).

Revenue amounted to 5303,903 (2631,460) before tax of £208,696 (£163,238). Earnings were 31.24p (28,16p) per income share and 706.94p (666.87p) per capital share. capital share. The interim dividend is

increased from 4.68p to 5.28p.

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**UK COMPANY NEWS** 

### Tomkinsons down 22% as heavy discounting bites

TOMKINSONS, the Worcestershire-based carpet manufacturer and yarn spin-ner, yesterday again high-lighted the problems affecting the UK carpet industry. worcestershire-based carpet manufacturer and yarn spin-ner, yesterday again high-lighted the problems affecting the UK carpet industry. A For the year to end Septem-ber, the group revealed a 22 per cent contraction to £2.76m in me in worth

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pre-tax profits - much in line with forecasts made by ana-lyst's at the time of the interim.

statement in May. Yesterday: Mr Lowry Maclean, chairman, reiterated his remarks made at the midway stage.

By James Buxton

By Ray Bashford

GOODE DURRANT, the industrial and financial man-

agement company, is paying an initial 16.53m cash and shares for Ravenstock, a com-pany which sells and rents

shipping containers that have been converted into temporary

office accommodation and

secure storage. In addition to the initial con-

The group was heavily exposed to the effects of rising interest rates and the subsequent squeeze on consumer

attributable to investment in capital equipment and new range launches.

two years". Operating margins at the group's year-end stood at 13.5 per cent. Mr Maclean said the "Considerable success" in maintaining margins was

Although predominantly a residential supplier, Tomkin-sons is also involved in contract and up-market decorator carpets through its Steeles and addary. This side of the busi-ness had held up well, the chairman stated. The export market had been buoyant with a number of orders from Europe and the Far East.

Europe and the Far East. Mr Maclean maintained a cautious stance on current trading: "We foresee further difficult time abead" he said. Earnings per share fell 26 per cent to 40.5p (54.7p), but the recommended final divi-dend is lifted to 20 making a dend is lifted to 8p, making a total of 11.5p (10.5p) for the year.

### FIVE OAKS Investments, the day at 76p. property development and The group's investment port-investment group, yesterday folio, valued at 245m at end-FIVE OAKS Investments, the property development and investment group, yesterday reported taxable profits ahead 91 per cent to 55.81m for the 12 months to June 30. The advance, from last year's £3.04m, was achieved on turnover up from £9.51m to £17.52m. at ABS

£17.52m.

added. Earnings per share worked through at 9.78p (8.12p). The proposed final divinend is 1p, making 1.6p for the year. Last year the group paid a special interim of 1.25p.

#### **Telecomputing changes** direction as chief leaves By Clare Pearson

believe Ferrari intended making a bid in the foresceable

June, currently produces recurrent annual income of £2.7m, Mr Robinson said.

This income was expected to

double in the near term, he

By Clare Pearson MR BERNARD PANTON has resigned as chairman of Tele-computing, the mainframe soft-ware house responsible for the Top One artificial intelligence system, and sold a 29.8 per cent stake in the company to Fer-rari Holdings, the computer services group, for \$1.21m. Mr Martin Hodson, who takes over Mr Panton's exerfuture. Farrari joined tha USM through a reverse takeover of Cifer in January and acquired UCL, a loss-making computer systems supplier also quoted on that market, in August, Fer-rari, which made \$688,000 in the half-year to end-June, said

Mr Martin Hodson, who takes over Mr Panton's execu-tive responsibilities, said the emphasis at Telecomputing in future would be on "the mar-ket place, and not on changing the direction of world comput-ing" yesterday the costs of rational-ising UCL were likely to be substantial. Following a £4.5m rights issue last month, Singer & Friedlander, the merchant the direction of world comput-ing". Mr Tony Evans, until last year chief executive of Systems Reliability, the network man-agement system concern, steps in as Telecomputing's non-ex-ecutive chairman. Ferrari said it believed that under the new management bank, holds 37 per cent of the

shares. Telecomputing swung out of loss to pre-tax profits of £145,000 in the six months to March 31. There was only a handful of sales when Top One was marketed as an off-the-shelf product. Recently, the system has been used by the company's consultancy arm as part of tailor-made systems. under the new management Telecomputing had excellent profit and growth potential, which it intended to support. Mr Hodson said ha did not

#### ADT to redeem convertible pref

ADT, the electronic security systems and car anctions group, is flushing out the last holders of its 8% per cent convertible prefarence shares.

It gave notice yesterday of redemption on December 15, which would cost it up to \$20m.

With ADT ordinary shares standing at 191p, however, all shareholders are expected to convert into ordinary ahares at 185p. This will lead to the issue

GARTMORE PANTHEON FUND (formerly OPPENHEIMER MANAGED ASSETS COMPANY) Société d'Investissement à Capital Variable Registered office: 23 rue des Bruyères,

31

L-1274 Howald Grand Ducky of Luxenbourg

R.C. Luxenbourg B. 25.397

**NOTICE of the Annual General Meeting** of Shareholders

The shareholders of GARTMORE PANTHEON FUND (formerly OPPENHEIMER MANAGED ASSETS COMPANY) (the "Company") are hereby convexed to attend the Annual General Meeting of Shareholders to be held at the registered office of the Company on 24th November 1989 at 11.00 a.m. with the following Agenda:

1. Report of the Board of Directors.

Approval of the balance shoet and of the profit and loss account at at 31st July 1989.

Appropriation of net profits and approval of the interim dividend paid to shareholders of the Gartmore Pantheon Fund - European Currency Bond Fund (formerly OMAC Global Income Fund) on 31st July 1989.

4. Discharge of the Directors

S. Election, re-chotion of Directors.

6. Miscellaneous.

Decisions on the above items require no quorum and may be passed by a simple majority of the votes present or represented.

The holders of bearer shares should deposit their shares at least five clear days in advance of the meeting at Banque Générale du Luzembourg, 27 avenue Monterey, L-1951 Luzembourg, Grand Duchy of Luzembourg.

By order of the Board of Directors,

#### GLOBAL GOVERNMENT PLUS FUND LIMITED INTERNATIONAL DEPOSITARY RECEIPTS

ISSUED BY ISSUED BY MORGAN GUARANTY TRUST COMPANY OF NEW YORK BRUSSELS OFFICE AND REPRESENTING 100 COMMON SHARES

The Board of Directors of Global Government Flux Fund Limited has authorized an offer to purchase up to 25% of the Company's insued and outstanding common shares (the "offer"). The offer has been made by the Company to all registered holders of its common shares in accordance with the terms of the Company's by law, Under the terms and conditions of the offer, a shareholder wishing to accord the offer shall be required to tender all of his shareh. The purchase prior payable for each common since tendered and according to the Company for payment will be the net asset value of the Company on Doember 19th, 1989 divided by the total number of issued and outstanding common shares.

The offer will be made conditional upon, among other things, the Company's ability to liquidate its portofolio securities in an orderly manner and consistent with the Company's investment policies and objective in order to finance the parchase of the sharen. If more than 25% of the issued and constanting shares are wildly tendered noder the offer, the Company will purchase only 25% of the shares on a pro rata basis (disregarding fractions) in accordance with the number of shares tendered by each sharetolder.

IDR-holders who wish to sell their shares under this offer must:

1) deliver the IDRs with coupon number 18 attached, to Morgan Guaranty Trust Company of New York at the address indicated below, by November 22ad, 1989

- acad the following to the same address by November 22nd, 1969
   a certification in the form imposed by the Company and available at the address indicated below, completed and signed by the beneficial owner of the IDRs, declaring the owner is tendering all his shares and not less than all for purchase;
   an instruction containing all of the following items:
   1. an indication of the identity of the beneficial owner,
   2.2.1. payment instructions for the USS proceeds of the punchase,
   2.2.3. registration and delivery instructions for ahares not purchased by the Company if the Company only purchases shares on a pro rata basis as described above.

Although IDR coupon number 17 will only be psyable on January 7th, 1990, IDR-holders accepting the offer will be entitled to this dividend. If the shares are accepted for purchase, a service charge of USS 25 due to the Company, an IDR cancellation face of US 510 per IDR and the expenses incurred by Morgan, Brancia, will be deducted from the proceeds.

### Only 11.3% take up Riva rights

#### By Clay Harris

ONLY 11.3 per cent of Riva Group's £14.2m rights issue was taken up by shareholders of the USM-traded supplier of electronic post-of-sale equip-ment. The rest of the one-for-two issue at 105p was left with

sub-underwriters. Riva, shares, which were suspended at 108p when the issue was launched, were trad-ing at 95p yesterday. The cash was raised as part of a restructuring which coin.

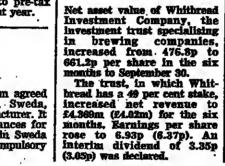
Goode Durrant has also

expanded its commercial vehicle rental bueiness through the sequisition of

three companies based in New-castle, Hull and Nottingham.

The initial purchase price for the companies was £1.45m with

additional deferred payments of £1.29m, pegged to pre-tax profits for the current year.







son international, the Scot-tish-based textiles company, has resigned just over a year after being appointed. Mr Watts joined Dawson last October as managing director of its cashmere, knitwear and, fine yarns division, which, encompasses some of its best known brands such as Ballan-tyne, Pringle and Barrie.

He was previously group managing director of Harris Queensway, the furniture and

importance by the company. It said it welcomed his skills in brand development and retail-

**Goode Durrant acquisitions** 

sideration of \$4.25m cash and

2m shares, the vendors are entitled to fim cash or a maxi-mum of 770,000 shares if profit

targets for two years to Sep-tember 1991 are achieved.

Ravensiock will be marged with Tam Industrial Sarvices which operates in the same business and was acquired in October last year.

**Dawson Intl director resigns** 

ing. He was granted 200,000 share options, more than any other director. Mr Ronald Miller, chairman, Mr Ronah Miler, charman, said that Mr Watts was parting by mutual agreement, but did not elaborate. It is understood that Mr Watts is leaving because he did not find it easy to fit into the corporate struc-ture at Dawson

ture at Dawson. Mr Watts was not available for comment.

counting and mounting com-counting and mounting com-petitive pressures it would have been financially unsound to have attempted to hold on to all of the 46 per cent increase in turnover gained in the past two wars.

### Acquisitions Five Oaks rapid advance to £5.8m

AMERICAN Business Systems, the rapidly expanding busi-ness equipment supplier, reported interim pre-tax prof-its 60 per cent ahead at £3.88m on turnover almost doubled at £40.34m.

The USM-quoted company which operates in the US, said that Banks, its main subsid-iary made three acquisitions iary made three acquisitions during the period and after certain management changes they should provide good opportunities for growth. Danks continued to enjoy excellent trading conditions and was benefiting from its growing customer base. The results for the six months to September 30 com-pared with taxable profits of £2.56m on turnover of £21m. Earnings per share for the period under review were 9.7p (6p) and the interim dividend has been raised to 0.8p (0.7p).

added. Mr Trevor Robinson, chairman, said net asset value had increased by 41 per cent to 84.5p per share. Five Oaks shares were unchanged yester-

Just Rubber rises

24% to £531,000

**British Empire** 

Sec nav higher

At its financial year-end,

September 30, net assot value of British Empire Securities Trust had risen to 61.88p, from 49.58p a year earlier. But by the end of October it had block to 61.99

had slipped to 59.42p. Earnings for the year were up to 1.06p (0.28p) and tha final dividend is 0.46p for a total of 9.71p (0.66p). There is also a bonus of one warrant

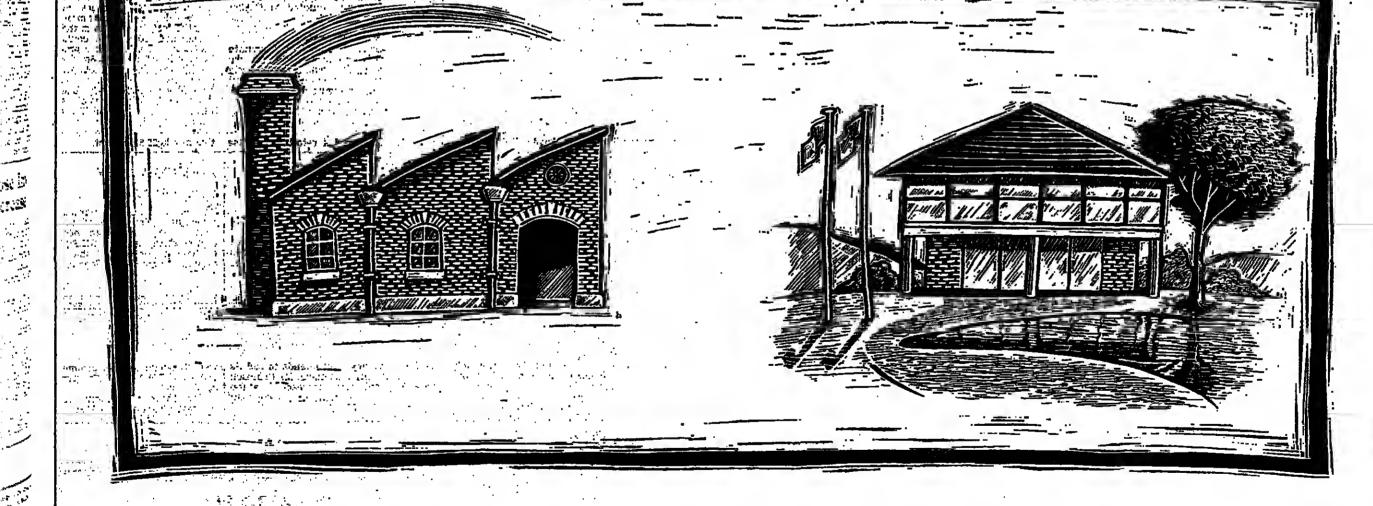
for every 10 ordinary shares,

to subscribe for one ordinary share at 60p. Dividend income and inter-est totalled £3.77m (£3.59m).

**Revenue** advances at

Whitbread Inv

behind 60% rise to £4m



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on Arlington Parks across England's green and pleasant land.

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#### **COMMODITIES AND AGRICULTURE**

### Spanish lead/zinc find may be one of Europe's biggest

#### By Kenneth Gooding in Madrid

BOLIDEN, THE mining little gold - will run out in company which is part of Swe-den's Trelleborg group, has discovered a huge lead/zinc in Spain and the indications are it could become one of Europe's biggest base metals mines in the early 1990s.

The Trelleborg board has approved a crash \$4m exploration programme because it is so enthusiastic about the project, at Los Frailes in the Iberian pyrite belt. Boliden acquired the Los

Frailes concessions as recently as 1987 whan it bought the Andaluza de Piritas mining company from Spain's Banco Central. The reserves of the existing mine ~ producing copper, lead, zinc, silver and a

This would provide Boliden with a full replacement for its Greenex mine in Greenland 1992, so Boliden immediately set about identifying new reserves within 25 km of the existing mill and associated which is due to close next year. ore concentrate

Los Frailes shows so much potential that five drilling rigs are currently at work sinking a shaft and by April next year "we will know if we have a " said Mr Lars Vannman, president of Boliden International Mining, yesterday. He said the indications were He said the indications were that Los Frailes was shaping up to provide about 50m tonnes of ore containing about 14 per cent of lead-zinc, with some sil-ver, which could be mined at the rate of about 1m tonnes a

vided a good example of how quickly a large mining com-pany could react when it found an excellent prospect.

### EC heads towards self-sufficiency

mine

and tin.

#### By Kenneth Gooding

THE EUROPEAN Community was heading towards self-suffi-ciency in lead and zinc produc-tion and in future would need to import mnch less copper and tin, a senior European Commission official said yesterday.

In tonnage terms the Community currently imports about 65 per cent of the metals it requires, said Mr Leopold Van Wambeke, who is in charge of the Commission's exploration sector of the research and development programme for primary rsw mate-

He suggested that the R & D activities of the Commission had helped to improve exploration methods, including the development of new mining technology and equipment, which had led to the discovery of potential new metal mining

By Nancy Dunne in Washington

THE US Agriculture Department last week made

Department last week made two new offers of subsidised commodities to Algeria and Egypt, despite the release of a report critical of the Export Enhancement Program by the USDA's Inspector General.

The two new offers, the first

in several weeks, would pro-vide subsidies for the sale of

500,000 tonnes of barley to Algeria and 500,000 tonnes of

wheat flour to Egypt. The two

the International Mining Maga-zine and the Mineral Industry Research Organisation that the Mr Van Wambeke pointed out that the entry of Greece, Portugal and Spain to the Com-Community's supplies of baux-ite would grow when a new mine near Alghero in Sardinia, Portugal and Spain to the Com-munity would pay an impor-tant part in reducing its reli-ance on metal imports as those countries – along with Ireland – had the best potential for future mineral discoveries. He said the huge Neves Corvo mine in southern Portu-cal already in early produc-Italy, opened and perhaps from recent discoveries in central Greece. Bauxite is the raw material from which alumin-ium is made and the Commn-

nity imports 60 per cent of its gal, already in early produc-tion, would have a big influ-Mr Van Wambeke said the Community was producing ence on the Community's results in spite of spending only a modest Ecu3.5m (£2.45m) a year from 1986 to 1989. The budget would increase to Ecu6m in supplies of copper, zinc, lead Two new mines would be

opened in the old mining dis-tricts of Chessy in France and Parys Mountain, Anglescy, in the UK, as well as one in a new mining district, Molai in 1990-92. He said that the Community was generally self-sufficient in the supply of non-metallic minerals and even exported some

cent of the Brazilian wheat

cent of the Brazhian wheat market in 1985. Its share dropped to about 5 per cent in 1987, while the EC share rose from about 2 per cent in 1986 to about 22 per cent in 1987. Japan has never been granted grain subsidies and the US share bas continued to decline. The IG office complained of

southern Greece. Mr Van Wambeke told a con-ference in Madrid organised by of these raw materials.

US subsidy programme criticised

inverse of the total market shares held by Argentina, Aus-

tralia, and Canada. This would indicate that the major influence upon the vol-

ume of US wheat exports are

the increases or decreases incurred by these three coun-

tries," the report says. While the subsidies did boost sales in targeted markets, the

**US's** weighted wheat market share since the beginning of the programmes is less than 1

#### If the decision is made to go ahead, Los Frailes could pro-duce some metal in mid-1992 US FARMERS led by the American Agriculture Move-ment filed s suit yesterday against the Chicago Board of and be in full production a year later. Boliden's chief geologist, Mr Trade charging it with illegal manipulation of soyabean The farmers are seeking

Ivan Isaksson, gave first news of the potential of Los Frailes damages in excess of \$100m as a result of the CBT's emer-gency order on July 11 that at a conference in Madrid organised by International Mining magazine and the Min-erals Industry Research Organcaused a 20 per cent drop in soyabean prices and a knock-on effect in other comisation. He said that Los Frailes promodifies The CBT issued an emer-

gency liquidation order in July

gency inquidation order in July to avert what it saw as an attempt by Italian grain mer-chant, Feruzzi Finanziera, the Italian grains group, to corner the beans market. The exchange said if it had allowed all contracts to go to delivery it would not have had enough heans in its warehouses to fill

beans in its warehouses to fill obligations.

seek soya

damages

By Deborah Hargreaves

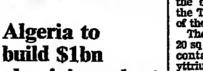
order

Farmers, however, have been highly critical of the action, charging that it was self-serving and initiated by the CBT's dominant members to create profits for their own and their clients' accounts. We want to make the point

that these kind of actions do not just affect speculators and traders," said Mr David Senter at the AAM.

The farmers say the drop in prices with its knock-on effect for other commodities could cost the rural economy over \$1bn.

The CBT's action has done little to boost farmers' confidence in the derivatives market. Mr Senter said they farm-ers were shying away from using future



#### aluminium plant

Soviet Union and China dropped precipitously and did not increase until they were included in the subsidy pro-gramme. The US had 55 per By David Blackwell

A \$1bn aluminium smelter complex is to be built on the coast of Western Algeria. The smelter will be fuelled by a dedicated gas-fired power sta-tion, and will have a capacity of 220,000 tonnes a year with the option of extending to 320,000 tonnes a year

330,000 tonnes a year. All output will be exported. George Wimpey, the UK construction group, said yesterday it would be started late next year and take 36 months to

Fall in platinum demand forecast **US farmers** 

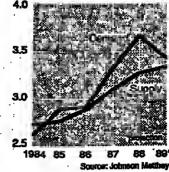
#### By Kenneth Gooding, Mining Correspondent

JAPANESE INVESTORS leserted the platinum market this year so demand for the precious metal will fall by precious metal will fall by about 6 per cent from the record 3.66m troy ounces reached in 1988 to 3.425m ounces, according to Johnson Matthey, the world's biggest platinum refining and market-

Flatinum supplies are fore-cast to rise by only 1.4 per cent from 3.26m ounces to 3.305m ounces which means that for the fifth consecutive year demand will exceed supply. However, the deficit this year will narrow from 400,000 ounces to 120,000 ounces. Despite the shortfall, John-

son Matthey suggests in its 1989 interim review, "there seems little prospect of a substantial hike in price during the remainder of 1989." It expects the near-term platinum price will remain "relatively becalmed" in the range \$470 to

Johnson Matthey admits it was over-optimistic earlier this year when it suggested the platinum price would trade above \$500 an ounce. The price reached a 1989 peak of \$555 in April but since then it has been under pressure from a strong US dollar. The nine-month average London price was \$512 an ownce, only \$10 below the same period of 1988, but "the differential is expec-ted to widen by the year-end," says the review.



Platinum

million ounces

Lack of volatility and a beady downward drift in the price this year contributed to the lack of investor interest in the metal. Sales of large bars in Japan have been particularly weak, according to Mr Jeremy Coombes, author of the review.

Consequently, total invest-ment demand for platinum this year is expected to slacken to 165,000 ounces from 680,000 ounces and to contribute only 5 per cent of total demand compared with 17 per cent in 1988. Mr Coombes reckons that, apart from investment, the out-look for platinum is very posi-tive. "The combined demand from the automotive industry, jewellery and industrial applications is expected to increase by 7.5 per cent compared with 1988 and together the three sec-

tors will consume comfortably in excess of am ounces for the first time'

year Johnson Matthey has iraced an extra 80,000 cunces of platinum from the Soviet Union and South Africa - the Demand from the automotive industry for platinum for emission catalysis is increas-ing faster than Johnson, latter country accounts for about 80 per cent of prome-tion. This caused the group to revise its estimate of the 1999 Matthey previously forecast. Following further moves to combat car exhaust pollutionby the European Commission in June, platinum purchases Johnson Matthey believes the extra Soviet metal was by European car companies this year are expected to rise by 55,000 onnces in 309,000 neenen in the weet because of the launch of new plathaue legal tender coins by the Hoyal Canadian Mint and the Gold Corporation in Western Aug-

In total, the automotive industry is likely to require LASM cunces in 1988, a record. In tandem with this trend, recovery of platinum from

corporation in western Aut-tralia. These organisations wanted not to use South Art-can plathum. Soviet supplies to the west are forecast to remain at 440,000 ounces this recovery of plathum from spent catalysts is increasing, but more slowly than last year. Johnson Matthey expects 175,000 ounces to be returned to the market. The review forecasts jewel-lers will use 7 per cent more plathum this year, or 1.265m ounces. Jananese jewellers are

As for the other platinum group metals, demand for pel-ladium is forecast to increase by 45,000 ounces this year to a record 3.37m ounces. This would exceed supply by 100,000 ounces and a substantial downounces. Japanese jewellers are expected to increase purchases by 60,000 ounces to take 1.12m

ounces and a substantial draw, down of stocks seems likely. Industrial purchases of rho-dium are rising in line with increasing demand for submin-tive catalysts, particularly in Europe. Supplies currently appear to be just keeping pace, according to the review. 1989 Interim Raview of the Platinum Market - Free from Johnson Matthey points out that platinum producers are clearly confident about the long-term future growth in demand and this year there have been a series of announcements about accelerated development of new mines or the expansion of new ones. In 1989, however, supplies to the non-communist world are expected to increase by only

year.

1305 Interim Review of the Platinum Market - Free from Johnson Matthey, 78 Hatton Garden, London BCIN & JP; England

**Brazil to import** 

fuel methanol

45,000 ounces. Since the begining of this

deficit in supplies down to

needed in the west because of

400,000 onnce

**Beachcombing for titanium** By Hilary Barnes in Copenhagen

By John Barham In Sac Paulo demand for paint, paper, plas-tic and aeroplanes which all use titanium. In addition, the BRAZILIAN GOVERNMENT Ministers announced on Mon-dey plans to import some 1.50a

growth in use of continuous casting technology for steel manufacture has resulted in higher demand for zircon. "The problem is that, at the moment and we believe for the litres of methanol over the coming months. to avert. a potentially crippling fuel shortnext two years at least, there are not enough pigment pients to moduce adequate amounts of thanium, either as an oxide or a metal. In addition, the major sources of mineral sands are locked into long term con-tracts with consumers so that

even if a new plant is built, there may not be any feed-stock. Hence the recent surge in exploration activity around the world."

WEEKLY METALS PRICES

Prices from Metal Bulletin (last week's in brackets). ANTIMONY: European free market 99.6 per cent, \$ per in warehouse, 7.50-7.70 (same). TUNGSTEN ORE: European

shound are equivalent to-just over one month's supply of-alcohol, the alternative foel, which is distilled from sugar cane. The methanol is to be bought from the US, Chile and the European Community, Pri-vate importers have slready

bought small and means from. BC stocks of wine alcohol, but this is Brazil's first major import of alternative fuel. Fur-

The imports should cost

ther details on the imports will be amounced next Tuesday. Officials say the methanol should cost an average of 7 cents a like. In contrast, a like

of Brazilian sicohol is sold for

¢.

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14

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#### the beach along the coast of the Thy, the north-western tip of the Jutland Peninsula. The stretch of sand, covering 20 sq km and about 20 m deep, contains titanium, zircon, yttrium and a variety of other metals. That would make some

rr will be a bit more than a

sand-castle. If piled on a foot-ball field, it would reach to 30 km, according to Mr Jens Morten Hansen, a geologist with the Danish Geological Survey. He says in the Survey's internal magazine that the find could be supplying a third of Europe's titanium requirement

#### within a few years. bucket-and-spade operation, if Danish geologists are right about a strip of grey sand on But analysis of the sand has not yet been completed, and it appears that some time will pass before any decisions on the commercial exploitation can be taken.

A Danish consultant engi-neering company, Mr Carl Bro, is doing the work on the poten-tial of the find. • The mineral sands sector is

currently enjoying the benefits of strong demand, high prices and probably the best outlook of any mining sector, accord-ing to Ord Minnett, the brokerage house, writes David Black-

A recent report pointed out that global economic growth had created an insatiable

wheat nour to Egypt. The two	the programmes is tess man r	suare has continued to decide.	struction group, said yesternay	Thes hom meral bullenn daar	(Same)	. werket, min as's her that's her	A Should Cost an everage of 7-
countries have been prime tar-	per cent higher than it was for	The IG office complained of	it would be started late next	week's in brackets).	COBALT: European free	1b, in warehouse, 5.50-6.00	cents a litre. In contrast, a litre
gets of the controversial EEP,	1984-85, just prior to the	subsidies paid for shipping	year and take 36 months to	ANTIMONY: European free	" market, 99.5 per cent, \$ per Ib,"	(same)	of Brazilian alcohol is sold for
under which the US has hoped	scheme's introduction.	costs which could be lost when	complete.	market 99.6 per cent, \$ per	in warehouse, 7.50-7.70 (same):		34 cents at the puppes.
to force the EC to abandon its	As of August 31, 1968, total	US exporters no longer receive	The Algerian Public	tonne, in warehouse, 1,750-1,800	<b>MERCURY:</b> European free.	free market, standard min. 65	Some 4m Brazilian cars run
own export subsidies,	subsidies under the EEP were	government assistance. It	National Enterprise is plan-	(1,780-1,820).	market, min. 99.99 per cent, \$	per cent, \$ per tonne unit (10	on alcohol, over one-quarter of
However, the new report	\$2.2bn, paid on 12 commodities.	found that in nine cases the	ning the project in conjunction	BISMUTH: European free	per 76 lb flask, in warehouse,		the total fleet.
found that the USDA subsidies	Wheat sales accounted for 67	Department suggested hid	with the Industrial Develop-	market, min. 99.99 per cent, \$	245-255 (240-255)	VANADIUM: European free	The country faces an alcohol
scheme has failed to prevent	per cent of the awards.	prices to exporters, a practice	ment Corporation of Dubai.	per lb, tonne lots in warehouse,	MOLYBDENUM: European	market, min. 98 per cent, \$ a lb	shortage because the govern-
the EC from increasing its	In fact, while the US was lur-	it said, which "creates the	which includes Wimpey, Cara-	4.60-4.70 (4.45-4.80).	free market, drummed molyb-	VO, cif. 3.10-3.30 (3.80-3.60).	ment has set sugar-cane prices
wheat markets. Instead, the US	ing some customers with subsi-	appearance of, and the possibil-	del Investments, Asea Brown	CADMIUM: European free	dic oxide, \$ per lb Mo. in ware-		
percentage share of the world	dies it was losing others that	ity for, the lack of impartiality	Boveri and Marc Rich Organi-	market, min. 99.5 per cent. \$	house, 2.90-3.00 (3.00-8.05).	exchange value, \$ per lb. UO.	to tame inflation, now running
wheat market has been "the	did not get them. Sales to the	to the purchaser."	sation.	per lb, in warehouse, 5.30-5.60	SELENIUM: European free		at close to 40 per cent a month.
		A CONTRACT OF					and cannot be the prove could be appointed.

#### WORLD COMMODITIES PRICES

#### LONDON MARKETS COCOA - London POX (Prices supplied by Amalgamated Metal Trading) £/tonne LONDON METAL EXCH Chicago **US MARKETS** HIGH GRADE COPPER 25,000 fbs; cents/lbs Cion Previous Close Previous High/Los AM Of ial Kerb close Open Interes 750 720 700 878 707 680 720 705 733 720 768 740 767 763 COCOA prices hit fresh 14-year lows In the metals, platinum was the days most active metal reaching 52640 basis Close Previous High/Low 7233377244 7502 7123 752 752 752 752 752 752 a, 99.7% purity (3 per lonne) Mar May Jul Sep Dec Mar Ring turnover 29,125 tonne 116,75 119,56 116,20 120,20 114,20 117,05 113,40 118,00 112,40 114,66 111,00 113,25 109,90 111,75 108,75 110,25 107,70 110,00 SOYADEANS 5,000 by min: centa/60th bushe terday. March cocoa touched £678 a 8 8 116.40 116.40 116.00 116.00 116.00 116.00 116.00 116.00 tonne in the morning following Cash 1735-40 3 months 1717-8 1770/1780 1780-3 1756-80 Close Previous High/Low nuary, reports Drexel Burnham 1715-7 32,713 lots 579/0 591/5 005/2 616/0 625/6 625/6 625/4 610/0 607/0 Jan Feb Mer Apr Jun Jun Jun 678/0 590/4 903/0 614/2 621/2 622/0 608/0 605/0 581/0 564/0 607/2 518/0 625/0 625/0 625/4 612/0 609/2 aggressive trade selling. The lvory Coast was reported to have made Nov Jan May Jul Aug Bop Nov Lambert. Silver and gold advanced on 574/4 Copper, Grade A (E per Ionne) Aing turnover 34,850 tonne Lamber: Silver and gold advanced on spillover buying from platinum. Copper prices tell sharply due to long liquidation. In the softs, augar railied 37 basis March as trade activity firmed 687/0 800/0 810/4 818/9 821/0 807/0 600/4 Cesh 1701-3 months 1696-7 1674-5 1690.5-1.5 1665-6 some amail-scale sales, possibly tempted by the recent stronger prices 1695/1890 1696/1884 1691-2 77,502 lots 8 '118.10 8 110.50 Turnaver: 6789 (7344) lots of 15 tonnes SCOO Indicator prices (SDRs per tonno). Delh price for Nov 13 SS065 (332.70) :15 day everage for Nov 14 S16.41 (614.62) Lond (2 per tonne) The March price recovered slightly in Ring turnover 7,200 tonne .0 the afternoon to close at £683 a torne, a fall of £19. The premium for Cesh 435-8 3 months 434.5-5.5 435-7 434-6 435-7 435-6 the market. Cocoa was lower from commission house selling. Coffee rose 436/435 435-6 11,962 lots CRUDE OIL (Light) 42,000 US gatis \$/barrel December cocca narrowed to £39 a tonne from £48 on Monday. On the E - Les Ring turnovor 2,430 tonne Nickel (\$ per torme) slightly from speculative buying. The grains featured two-sided action in SOVABEAN OIL 60,000 fbs; cents/lt: Latest Close us . High/Low . Previous High/Low Cesh 10050-100 months 9675-700 10100-50 10160 9775/9675 19,50 19,40 19,38 19,38 19,10 79,03 16,91 18,40 18,40 10100-50 9770-5 19.54 19.47 19.57 19.15 19.07 18.94 18.70 18.62 19.47 19.30 19.30 19.06 18.97 18.81 18.62 18.50 720 714 714 705 721 718 735 726 755 744 768 768 775 772 buillon market gold prices eased, but platinum held on to some of the strong gains made in the morning, and ended the \$7 an ounce at \$\$15<sup>1</sup><sub>4</sub>, the highest 760 705 719 727 744 760 774 19.63 19.65 19.44 19.79 19.10 19.10 19.94 19.70 19.62 Close High/Lov 7.042 lota 9680-700 news that China may cancel tender Jen Febrary Apr Man Jang 20.05 20.26 20.71 21.04 21.33 21.32 21.00 21.41 20.00 20.32 20.73 21.09 21.33 21.35 21.35 21.30 21.40 19.99 28.23 20.65 21.01 21.32 21.30 21.32 21.42 Dec Jen May Jul Aug Sep Oct 19.82 20.06 20.47 20.83 The (\$ per lonne) Ring turnover 925 tonne 7150-75 7200-60 Cash Monthe 7025-80 7125-60 6760-800 6890-910 business. The livestocks had a limit-down move in the belies due to massive liquidation. Live hogs and 7120-30 7225/585 6,044iota level eince July 10. Japanese buying of Ring turnover 13,175 tonne 21.18 21.18 21.28 21.42 Special High Grade (5 per tonne) utures in the Far East prompted the Turnover: 3387 (2344) lots of 5 tonnes ICO industor prices (US conts per pour Nov 13: Comp. delly 63.82 (62.47). 15 day ege 62.03 (61.87) attle were down as the lower bell 1485-90 1470-5 1491-2 15.829 lots morning's upward move, but there was 8 months 1445/1428 1440-4 1430-5 pressured the markets. The energy complex was quiet with mostly local participation. Switch trading made up HEATING OIL 42,000 US galia, canta/US galis little Iresh physical officke, and profit taking emerged. On the LME, tin Zine (5 per ton Ring turn vor 4,450 tonne SOYABEAN MEAL 100 KINS Latest Prev ; \$/ton . . . . (\$ per toone) Cash 1400-60 8 months 1405-15 1442-5 1462-5 recovered much of Monday's losses 5790 5800 5730 5518 5290 8120 5005 4990 5765 5775 5718 5485 5290 8110 4295 4990 5768-5795 5718 5300 5205 8090 4090 4940 1400-10 2.933 lots most of the volume. Dec 6735 5750 5090 5475 5250 5160 4965 4940 1410 Close Previous High/Low Close Previous Rew High/Low 186.1 185.0 184.4 182.9 182.1 181.5 181.5 181.5 185.9 185.7 185.0 183.3 182.7 181.8 181.8 181.8 LME Closing 2/\$ rate SPOT: 1.5800 184.5 163.4 182.8 181.5 181.5 181.5 180.2 180.2 180.0 Dec Jan Mar May Jul Aug Sep Oct 342.80 337.00 388.80 327.40 317.00 315.00 301.90 185.5 Dec Mar May Aug Oct Dec Mar White 334.40 329.20 324.80 319.20 306.20 304.00 291.40 6 months: 1.5334 185.5 184.3 183.7 182.2 181.5 181.5 181.0 180.5 9 months: 1,5149 SPOT MARKETS 8 months: 1,6563 338.60 329.00 334.00 326.60 327.50 320.60 314.00 310.40 Grude oll (per barrel FOS) + or -Dubei Grent Blend W.T.I. (1 pm cet) \$15.90-5.95z -.075 \$18.40-8.60z \$19.45-9.50z POTATOES - SPE 2/tonne LONDON BULLION BARKET Close Provious High/Low £ equivalent Gold (fine cz) 5 price 297.00 Close 28 Opening 3 Morning fix 7 389-389<sup>1</sup>2 391<sup>1</sup>2-392 390.75 388.25 246-246<sup>1</sup>2 247<sup>1</sup>2-248 246.81 245.252 Apr 202.8 199.5 230.0 228.0 203.0 200.5 230.0 228.5 New York COCOA 10 kg Close OE prode High/Low Prev MALZE 5,000 bu min; cente/66b bushel 400.00 308.00 400.00 301.50 403.00 309.30 411.40 410.50 395.00 300.00 371.00 308.50 368.00 402.60 401.58 407.00 418.60 390.40 377.00 375.00 Clove Dec Mar May Aug Oct Dec Dec (NWE prompt delivery per tonne CIF) 396.50 383.00 400.50 407.50 382.60 + or -3) lots of 40 lonnes. GOLD 100 troy oz.; \$/troy oz. 941 985 981 998 1817 1034 1058 Dec Mar May Jul Sep Dec Mar 961 991 1000 1013 1030 1033 1053 1075 Premium Gasoline Gas Oli Heavy Fuel Oli Naphtha Petroleum Argus Estimat 905 581 990 1003 1019 1046 1005 Clove \$183-185 \$180-181 \$97-66 \$158-160 940 962 978 Previc High/Low Close Previous High/Low Dec Mar May Jul Sep Dec Mer -1 246/0 242/4 246/0 249/0 249/0 249/0 249/0 249/0 249/0 249/0 249/0 238/2 241/5 245/4 245/4 245/4 256/2 242/4 256/2 240/2 249/2 240/0 249/8 249/8 243/4 240/2 237/4 249/4 249/4 249/0 242/0 239/4 393.3 394.9-557.4 399.8 404.5 409.1 413.5 418.1 422.8 ¢/lonne CYASEAN MEAL - SPE 391.0 391.5 982 1010 1030 1035 -1 392.7 395.1 397.4 402.1 406.7 Coine Close Provious High/Low \$ price 2 equivalent Dec Jen Feb Apr Jun Aug Oct Dec 395.0 380.0 375.00 -Ter: Raw 4000 (4088) tots of BU 1450 (2034) While (PFr per tonne): Dec 2490, Mar While (PFr per tonne): Dec 2490, Mar While (PFr per tonne): Dec 2490, Mar S/tonne - 8 395.0 399.5 404.9 411.5 141.20 145.20 148.50 141.50 145.00 143.00 Dec Feb Apr 2:22-2:55 2:52-2:55 2:52-2:55 2:53-2:57 2:45-32-2:67 2:45-32-2:67 2:45-32-35-3 57 1-2:458 1-2 57 1-2:458 1-2 3:29,50-3;54,70 Turnover: Raw 400 White 1450 (2034) Parts- White (PFr 2495, May 2540 Au 385-403 395-403 395-403 401-405 368-391 400.0 405.0 409.5 411.5 0 Mac + or -Anger Anger Krugerrand New Sov. Old Sov. Noble Plat 144.20 Gold (per troy cz) Silver (per troy cz) Plathum (per troy cz) Palladium (per troy cz) -1.76 COFFEE "C" 57,500lbs; cents/lbs 122 (15) lots of 20 tonnes 411.1 415.7 420.4 532c \$516.25 WHEAT 6,000 bu min; cent Ciose Prev High/Low +7.00 GAS OIL - IFE 91-93 91-93 521,45-629.70 78,74 80,52 83,11 85,38 87,25 89,53 92,63 \$139.6 +1.1 79.40 61.65 83.55 85.60 57.25 80.00 91.00 422.8 Dec Mar Mey Jul Sep Dec Mer 419.4 78.25 Close 78,10 Previous High/Low Close Previous High/Low Aluminium (free market) Copper (US Producer) Load (US Producer) Nickel (free market) 80.89 82.87 84.50 86.25 89.05 90.50 60.18 82.15 84.60 86.25 HT FUTURES - EFE \$10/index point \$1755 -**45** -1 177.25 175.50 172.76 171.50 168.25 167.25 165.75 165.25 160.50 160.30 167.50 156.00 155.50 155.50 Dec Mar May Jul Sep Dec 400/2 404/2 364/4 366/2 359/6 371/0 402/0 405/4 367/2 177.26 172.78 168.00 164.25 180.50 158.00 158.00 158.00 158.00 155.50 155.50 177.00 172.25 165.75 164.25 159.75 165.80 155.75 166.25 401/0 405/0 366/2 366/4 361/4 372/0 205/0 402/4 363/4 364/2 359/6 371/0 Dec Jen Feb Mar Apr Mar Jun Jun Jun Jun Jun 1225g-125c 41c Close Previous High/Low 1653 1671 1679 1664 1406 PLATINUM OF TOY OZ, \$/TOY OZ. 1680 1653 1653 1671 1659 1681 1655 1664 1672 Sever fix p/fine oz US cts equiv -2 -0.16 1969 1680 1680 1403 1533 1650 356/2 351/0 371/4 18.04r 337.40 350,10 362,10 385.60 Tin (Kusia Lumpur Clone 89.15 21.00 Spot 534.30 545.85 556.75 579.00 Previous High/L 'iin (New York) Zinc (US Prime Western) 6 months 6 months 12 months 312c 525.7 530.5 535.7 541.5 546.0 Jan Apr Jui Oct 514.4 518.9 529.4 526.4 526.4 531.5 535.0 539.0 8 018.5 534.3 530.4 536.0 0 787ac SUGAR WORLD "11" 112,000 lbs; cents/lbs LIVE CATTLE 40,000 lbs; pante/ibs Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)† +0.35\* +3.15\* -0.61\* 1528 1546 113.380 Glose Print High/Los 207.150 Close 14.90 15.24 15.01 14.78 14.32 13.06 14.63 14.67 14.65 14.57 13.91 13.25 Turnos 8 15.26 18.02 14.78 14.34 13.70 Previous High/Low 4670 (41 THADED OPTION Jan Mar May Jul Oct Mar 94.000 TUTTOWN 139 (156) Jan 14.97 14.72 14.45 14.00 13.45 74.42 78.95 74.17 71.45 89.67 89.00 Dec Feb Apr Jun Aug Oct 74,82 74,87 74,67 71,70 69,87 69,82 75.06 74.75 74.72 71.85 70.00 69.50 74.37 73.90 74.15 71.42 89.67 69.90 London daily sugar (raw) \$373.0v London daily sugar (white) \$398.5v Tate and Lyla export price \$352.0 -6.6 -5.0 -5.5 Aluminium (99.7%) Calls Puts Close Pre price \$ tonne Jan Mar Jan Mar us High/Low £/tonne MARS - SPE 18,47 18,30 18,53 18.49 18.30 19.09 SELVER 5,000 troy oz; cents/troy oz. 18.50 18.35 18.30 18.15 23 64 130 Barley (English feed) £112.5 Maize (US No. 3 yellow) £126.5 Wheet (US Dark Northern) £127.5 111 104 53 57 21 28 **51** 103 171 Close Previous High/Low 1750 108.85 103.35 111.95 111.90 115.80 116.70 119.18 -120.60 -107.25 -106.55 112.20 112.60 116.00 115.90 119.30 119.25 120.70 120.50 107.25 Close Previous High/Low Nov Jan Mar May Jun Nov 1850 COTTON 50,000; cents/lbs 540.0 540.8 543.7 552.9 990.8 568.9 577.3 569.1 592.7 529.7 531.5 534.5 530.0 0 542.5 550.5 550.5 559.0 8 559.0 8 551.0 0 Tumover: 3876 (6400 634.5 Nov Dec Jan Mar May Jui Sep Dec Copper (Grade A) Pub LIVE HOGE \$0,000 ib; cents/the 58.25p 80.25p +0.75 +0.75 +0.75 +1.8 Calls Flubber (spot) **641.0** Close Pres ous flight.ow 634.7 543.9 551.7 539.7 567.9 579.5 641.0 6 555.0 564.0 568.0 8 586.0 8 Rubber (Dec)♥ 80.25p Rubber (Jan)♥ 61.25p Rubber (KL RSS No 1 Dec) 228.5m 163 117 82 2550 2650 2750 168 108 86 49 50 145 117 168 230 72.50 74.83 75.45 75.50 69.50 66.75 72.21 74.30 75.22 75.11 89.15 65.45 Close Dec Mar May Juf Oct Dec 72,74 71.83 74.02 74.50 75.10 69.10 65.25 . Prev High/Low 43.22 48.25 44.82 46.57 46.12 46.55 48.50 44.95 74.75 75.85 75.85 89.75 65.85 48.62 48.65 45.22 49.07 49.32 48.16 49.40 44.36 48.80 49.10 45.35 49.10 49.40 45.25 43.45 44.95 48.20 48.20 44.72 48.75 48.75 47.90 43.20 COTTON Liverpool-Spot and shipment sales for the weak ended 10 November amounted to 496 tonnes against 496 tonnes in the previous weak. Tracing was of a fairly high quelity with various countries involved in sales including ismail, West African and Mexican. Dec Feb Apr Jun Jun Jun Aug Oct Dec Coconut oil (Philips Paim Oil (Malaysian \$4754 Collec Barley Close Previous High/Low Jon Mer Jan Mar \$315 Copra (Philippines)5 Sovabenes (193) 106.75 110.45 110.18 113.80 113.50 115.50 115.30 \$305 106.75 108.25 110.35 109.95 113.50 113.18 116.30 115.00 63 27 9 83 64 43 Nov Jen Mar May 5 19 51 T 583.1 yabeana (US) kton \*A" index soltops (64s Super) £172.5 700 760 48 77 82.16c 585p -0.65 ORANGE JUICE 16,000 lbs; cents/lbs Cocce Dec Mer Dec Mar Turnover: Wheat 100 (61), Barley 255 (109). Turnover lots of 160 tonnes. Close Previous High/Low EUTERS (Base: Se 59 35 19 ber 18 1931 - 100) 2 a tonne unices otherwise stated. p-pen 71 23 2 128.50 123.00 123.25 123.50 123.70 123.70 134.00 0 0 28 129.55 123.55 123.50 123.50 123.86 124.60 123.95 123.95 129,15 123,55 124,00 124,45 124,70 124,90 124,90 134,90 129,90 124,40 124,50 124,50 124,70 124,70 124,00 0 PORK STELLIES 40,000 Ros; Conta/Ib e-cents/lb. r-ringgit/kg. y-OcL x-Oct/Dec. Nlen/ 2 81 Nov 13 Nov 18 minth ago yr ago Nov Jan Mar May Jul Sep Nov Mar 54 66 780 Cicea v-Nov/Dec. w-Dec. z-Jan 1Meat Commis-JUTR C and I Dundee; BTC \$570, BWC \$660, BTD \$455, BWD \$465, c and 1 Antherp; BTC \$560, BWC \$3550, BTD \$465, BWD \$475. Previous 1868.0 1968.8 1859.9 1855.9 High/Low (Cash Settlement) p/kg Feb Mar May Jul Aug sion average fatstock prices. \* change from a F195 - 3FE 63,15 62,32 60,77 58,50 56,60 65.15 64.32 62.62 60.22 **Brent Crude** Jen Feb Jan Feb DOW JONES (Base: Dec. 31 1974 = 100) 65,60 64,60 63,15 60,85 63.15 62.32 60.70 week ago. WLondon physical market. SCIF Rot-Close Previous Nigh/Low 1800 1850 1800 62 36 18 73 48 27 24 44 75 125.0 125.5 125.0 124.8 43 60 130.33 129.97 131.13 129.72 Buttion market close, m-Malaysian 40 (13) lots of 3,250 kg

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#### LONDON STOCK EXCHANGE

## Market waits for the Chancellor

THE .HK; stork market had another uncomfortable trading session yesterday with sluggish turnover again feeding concerns over the financial Concerns over the London securities and Design the New 24 Dec 8 industry A rash of special site A New 20 Dec 4 Dec 8 ations provided scattered high Mer 20 Dec 4 Dec 18 lights, but once again early gains were cut back as the buy-

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ers refused to put in an appear Since, and the statement from Mr John Major, previous evening, and the statement from Mr John Major, previous evening, and the the Chancellor of the Exche-quer. At best, the stock market is braced for wannings of hard who are still keeping their trading positions previous evening their trading positions previous evening their trading positions previous are still keeping their times ahead, and for a down-grading in official growth forecasts for next year.

### Gold shares stay firm

South African gold producer stocks half another active see-sion in, London, with traders convinced that Elanson, setting convinced that Hanson, seeing the opportunity presented by firm gold prices, has placed at least a significant part of the near 2200m portfolio of mining shares taken aboard with the acquisition of Consolidated Gold Fields. Mr Martin Taylor, Goin Fields. Mr Marim Taylor, vice-chairman of Hanson, would make, "no comment on market runnours" that the plac-ing was done last week. ..... The rise in the gold price in recent weeks has administered a shot in the arts to the Lona shot in the article to the Lon-don market in South African gold producing shares, which -had virtually malted away over the past few years. About twenty UK frading firms are believed to be willing to trade the stocks now, although much had virtually mened away over the beckwardanan lasting for the past few years. About some minutes: twenty UKs frading firms are the stocks now, although much ance of any higher hid from of the susiness is done outside AMP, quickly, brought the Seaq, London's electronic secu-trities trading system. One trader active in the sec-tor seid that much of the busi-tor seid that much seither second the sec

ness of the past foringht are now looking for an appeared to have come from increased offer from AMP of

selling" its 23.6 per cent stake in Scottish: Thoughts that a 1225 more than 670p hard to realst." ×-173 deal was imminent were fur-Kwik-Fit beating CALIDE II lis had been downgraded from A minus to BB - five notches lower. The implication was 1.7.25 that Elders' debt burden would become yet more onerous and that the sale of the stake was correspondingly more urgent.... The usual selection of possi-ble takers of the stake were mentioned in the market -mennioned in the market – Anheuser-Busch of the US, Philip Morris, which recently sold is 24.9 per cent holding in Rotingans for around £543m, and Kirin of Japan. The last named is still the analysts favourite – because it has MENT Shears (and expressed a desire to expand, into Europe, it is raising enough money in a rights issue to buy the stake, and already has links with Elders through

Tint Destroy Nov 13 Nev 27 Option Declarations: 1 - Nov & .... Nov \$8 ---- Dec 7 "New Second State

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nies, opening an active season for company reporting, kept trading positions very tight, are short of stock and consequently not averse to cutting

Defence for Pearl

The expected second defence document from Pearl Group to the 605p a share bid from Ans-tralian Mutual Provident (AMP) duly arrived to the accompaniment of frantic activity in Pearl's share price. The shares opened around the 642p mark but shot up in mid-morning as a story that an increased offer of 675p from Australian Mutual was humi-pent raced round the training desks. Pearl jumped to 675p with marketmakers leapfrog-

with marketmakers leapfrog-ging each other in a substan-tial backwardstion lasting for

However, the FT-SE turned higher as shares in Scottish & Newcastle, the UK brewer, advanced after Elders 1XL of Anstralia said it was close to selling its 24 per cent stake in

the UK brewer. Speculative active was further encouraged as Pearl, the UK life assurer, issued a spir-ited defence against the £1.1kn bid from Australian Mutual Provident, Trading statements from several leading compa-

the market alert. However, the lack of genuine investment interest took its

Recount Dealing Dates prices in order to attract buy-the track buy- toll and the market could not ers at present. hold on to its best levels. The FT-SE index gradually lost its early gain of 10 points and, with the dollar's weakness depressing the international . blue chips at the London close, the final picture was drab. At its final reading of 2,214.7, the FT-SE Index was 1.5 up on the

day. While Seaq trading volume was a touch better at 334.4m shares yesterday, it remained well below satisfactory levels. There just is not enough

husiness to keep us all going," said one dealer, adding that the increase in share deals transacted "net" had also sliced

into commission incomes. Hints of further staff cut-

backs continued to circulate. and there were also stories that some trading firms had decided to pull out of trading London. The UK broking arm of a North American bank was a favourite name put forward as a potential victim.

While such stories have become almost a permanent feature of the UK securities scene, there is general agree-ment in the market that a number of leading foreign and domestic firms will be obliged to make some hard decisions about their UK trading operations, possibly before the New Year.

· · · · · · · · · · · · · · · · · · ·	F	INÂN	CIÁL	TIME	IS ST	OCK	INDICES		
	Her SA	Nov 13	New 10	Nov	Nov	Yeer Ago	1969 High Low	Since Co High	tow
Government Sect	84.84	84.35	84,47	84.63	84.57	88.12	89.29 83.78 (8/2) (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
fixed interest	95.57	93.55	93.78	93.73	\$3.61	97.25	99.50 93.20 (15/3) (19/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1770.8	1771.4	1773.0	1764,3	1774.2	1460.9	2008.6 1447.8 (5/9) (5/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Silnes	271.1	252.4	259.3	250.6	256.8	178.0	271.1 154.7 (14/11) (17/2)	734,7 (16/2/63)	43.5 (26/10/71)
FT-8E 199 Share	2214.7	2213.2	2216.7	2201.7	2203.8	1802.3	2428.0 1782.8 (5/9) (3/1)	2445.4 (16/7/87)	985.9 (23/7/84)
Ord. Div. Yield	4.70	4,69	4.57	4.09	4.00	4.63	Besis 100 Govt. Se	Ca 15/10/26. F	Ixed Int. 1925.
Earning Yid %(full)	11.25	11.25	11.24	11.28	11.20	12.14	Ordinary 1/7/35, G	old mines 124	NGC. Bests 100
P/E Ratio(Net)(*)	10.71	10.73	10.76	10.72	10.79	9.97	FT-SE 100 31/12/83	L 🕁 NGI 10.01	
SEAQ Bargaine(Spm)	21,750	24,703	29,325	25.002	23,209	21, 107		LET AC	TIVITY
Equity Turnover(2m)	•	823,12	884.25	840.98	852.65	772.68	Indices"		13 Nov 10
Eouty Bergeinst	-	25,473 309.1	28,491	24,150	21,222	22,777			1.5 81.0
Shares Traded (mi)t	-		382.1	372.3	370.2	254.5	Gilt Edged Ba		
Ordinary Share Index,	Houry of	haligte .	Day's Higi	1776.7	Dey's	Low 176	9.D		
Open 10 e.m.	11 8.00.	12 p.m.	1 p.m.	2 p.m.	3 p.m	4 4 94	TL business & Ove	74. fEscludu	g Litra-marci
1705.8 1771.7	1775.4	1775.2	1775.3	1774.5	1773.	177	.0 the FT Indices	of daily Equit	y Dargains an
W.W. Haushakaka		· · · ·	Day's Higi				Equity Value an 5.6 Equity Bargaine	d of the five-d	lay averages : Volum web di
PY-SE, Hourly changed				Careada a	URY 1	Low 220	continued on Ju	y 31. Closing	VEINER SOT JU
Open 10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.		n. 28 avaitable ch	request.	
2206.9 2216.5	2223.1	2222.6	2222.1	2220.4	2218.4		1 London report a Tel. 0804 123003		re moen:

TRADING VOLUME IN MAJOR STOCKS

Valuese Charley Day's GOD's Price change Starts

one for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

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Volume Chaing Day's ODEs Price change

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joint distribution agreements close the day at 136p on the cause the day at 1360 on the news. But speculation remained that Continental may have made the declaration to enable it to best back bid spec-ulation and thus enable it to pick up stock at cheaper prices to increase it's stake or even bid for Kwik-Fit at a later date. in the Far East and North America. One analyst cautioned, however, that it was not in Kirin's style to make a The shares fall back from a peak of of 386p to close at 374p, up 14 on the day. Volume expanded to a strong 7m date. Mr Keith Williams, analyst shares by the close.

Mr Keith Williams, analyst at BZW said: "in my view this is a game of poker. Sither Con-tinental is going to fold or Kwik-Fit will fold first." The Fearl defence and grow-ing hopes that AMP might return with a bigger bid for the life assurer triggered a round of Keen buying interest in the other life stocks. Sun Life, where UAP, the French group and Transatlantic, the South African controlled group, both hold stakes of more than 20 per-cent, and closed 13 higher at hold stakes of more than 20 per-cent, and closed 13 higher at 1205p. Dealers said that the appraisal value move by Pearl would be followed by Sun Life in the event of a UAP bid. Legal & General added 4 at 385p, after 395p on higher than usual turnover of 4.3m shares; "The heet auglity life group

nsual turnover of 4.3m shares; "The best quality life group and exceptionally good value at these levels," said one ana-lyst. Lloyds Abbey Life rosa 8 to 284p and Pradential held around 207p. Abbey National where some 5.7m shares changed hands, managed a 3 gain at 155p but the other big banks were broadly easier in very thin

ness of the past formight are now looking for an spread to have come from increased offer from AMP of invest in the South African produced stocks. The formary mining stocks active perdent appraisal valuation increased offer from AMP of amanged a 3 gain at 155p but the other big banks were broadly easier in very thin trading. Merchant banks with anticed modest interest, with the other big banks were broadly easier in very thin trading. Merchant banks with astistication of the other big banks were broadly easier in very thin trading. Merchant banks with astistication of the other big banks were broadly easier in very thin trading. Merchant banks with astistication of the other big banks were broadly easier in very thin trading the stock for and a for per cent rise in the dividend from 17.5p to 25p. The insurance team at UBS phillips & Drew said the steep increase in the dividend from 17.5p to 25p. The insurance team at UBS phillips & Drew said the steep increase in the dividend grobe increase of trading in the start of the steep increase in the dividend grobe increase in

Wardle Storeys, 13 lower at 2689, also reflected disappoint-ing figures, preliminary pre-tax profits coming out at £7.25m

FT-A All-Share Index 1250 148

1200 1150 1100

#### 1050 Equity Shares Traded Turnover by volume (million)

Intra-market bunksess & Overseas inno

800 600 a and a based and 400 19 B - 19 **M**UT 200 100 0 Nov Sep Oct

more than halved at 6.2p, down from last year's figure of 13p. Despite the figures however, Amersham rallied to close at 357p, a fall of 4 on the day, as the market took the view that the company may be ripe for a take over.

take over. Analysis at BZW said: "We can't see the share price being maintained. It is bid specula-tion holding up the price and the share price should come the snare price should come under pressure in the coming weeks. There is good growth in the business but it is going through a difficult period investing for the future. It is an excellent company but the shares are overvalued."

Shares in London Interna-tional tumbled 10 to 284p foltional tumbled 10 to 284p fol-lowing the company's announcement of what the market considered to be disap-pointing interim profits. The company declared a 28 per cent intrease in interim profits from \$13.2m to \$16.2m. John Alderelay analysis at

John Aldersley, analyst at Smith New Court said: "The figures were below the general market expectations but gener-ally reflect solid progress after the difficulties of last year.

National Telecom slumped Automat rescons sumped 21 to 69p in the wake of the warning that the group was expected to incur a pre-tax loss in excess of fim at the half-year stage. Northamber fell 14 to 153p.

agement shake-up which

includes the appointment of Sir Peter Michael, former head

of UEL as chairman.

Davy Corp moved up ahead of today's figures on the view that the company may benefit from an improved political cli-mate in East Germany and the vect of Posteen Fuerce

The company has construc-tion projects in East Germany and has had projects in other eastern European countries. The shares closed up 13% at 2440. 244p.

Pilkington moved forward another penny to end the day at 241p as over 3m shares were traded. The market perceived building opportunities for the company following the recent political upheavals in East Germany. A German buyer was said to have been in the market earlier in the week.

Pharmaceutical stocks were hurt by the overnight story that the world's biggest drug company, Merck of the US, had warned that the rising cost of research and development would hold back profits growth. Glaxo slipped 14 to 1468p, SmithKline Beecham "A" shares eased 4 to 550p and Fisons ended 3 cheaper at 324p. Wellcome, which is releasing. Pharmaceutical stocks were full-year figures tomorrow, fell back from a high of 725p to close unchanged at 718p.

ICI slipped 11 to 1098p ahead of industrial production figures due out today. Profit taking hit some of the

A couple of buying orders

72%p.



replacement of contractors, the resignation - denied by the company - of Mr Alastair Morton, the joint chairman, and the sale of a stake by a large French institution. The last had some basis, according to dealers, because a line of ing over the Christmas period. Midsummer Leisure's 53 per cent profits increase to £9.8m was enough to push the shares 4 better to 180p, There was strong two-way trade in Mount Charlotte, where at least 2m shares changed hands, accord-50,000 Eurotunnel shares was said to have been put on offer at 490p early in the day. The price dropped through \$5 to end the day 45 lower at 470p. ing to marketmakers, although the price only firmed 1/4 to "Any rumour mongering in Eurotunnel will really move the price," said one dealer. BAA bounced after two days

of profit-taking and finished 4 to the good at 346p. British Airways, which reports Airways, which reports interim figures today, was sup-

interim figures today, was sup-ported by US buying once more and firmed 2 to 200p. Straight buying of Shell by one top broking house and some sizeable switching out of Shell into BP gave a substan-tial boost to turnover in the two stocks. Shell, on turnover of 4.3m, moved up 5 to 427p while BP initially improved to 297p before coming off the top and closing a net 1% ahead at 295%p after turnover of 5.1m. Ultramar, reporting third quar-ter results today, lost 5 to 332p.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

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The following is based on trading volu

Manar Casing Bay's Mill's Joint Casings

Seck

compared with \$16.4m. But dealers said there was some consolation in the increased Kwik-Fit shares took a beat-ing as Continental AG, the West German tyre manufacturer which has a 13.13 per final dividend. Shares in Amerikani Inter-national nosedived 20 as the cent stake in the company said it was not interested in mounting a takeover hid

1.1

company snrounced a 43 per cent fall in half year figures, poorer than the market's worst expectations. Profits fell to 55 Jun down from from 510 Sm ing a takeover lid, Continental said it wanted "a respectable mhority to gain access to the British market, but we don't want a majority." 26.1m. down from £10.8m. Shares in Kwik-Fit fell 16 to while earnings per share were

#### **NEW HIGHS AND LOWS FOR 1989**

NEW INSERT (IN). SWITTEN PURINE (I) AMERICANS (I) CAMADIANS (I) BIDDIER (I) BIDCTRICALS (I) BIDLETRIALS (I) Christone Ind. MULTANES (I) LESSING (I) TAMEROUT (I) TAUSTE (I) CALS (I) LENGE (II). NEW LOYE (III). AMERICANS (I), MULDIERS (II) CHRISCALS Gra., Dekwood Gra., Opti

director. He is succeeded by Mr W.F. Jackson, previously

ntz, Munich

assistant general manage These changes follow an

in DAS UK. Dr W. Fricke

(Victoria Insurance Groun

NEWSPAPERS has appointed Mr Alaster Smith as director

chairman of Harmsworth Quays; Mr Gordon Mellis as. managing director,

Anthony Hilton, City editor, Evening Standard, becomes managing director of the

aper, and Mr Murdoch .

director of Hannsworth Quays

Printing - he was production.

director, Express Newspapers, Mr Jack Lambert, managing director of Harmsworth

Publishing, retires in April,

B My Les Wise has been

MacLennan becomes mana

of services, and deputy

Harmsworth Quays; Mr

There was a good turnsround particularly in North America after the Later quality control problems which caused the problems which caused the North American condom com-pany to make loses." BOC continued to move upwards on favourable sentiment gener-ated by good figures published earlier in the week. At the close they were 8 higher at

SOZP. GEC remained under pres-sure from the Kleinwort Ben-son sell recommendation, closing a further 2½ easier at 222p

on turnover of 7.7m. Cray Electronic were re-quoted at 53p and quickly raced up to 65p before closing at 58p, after the downwards profits revision and the man-

#### APPOINTMENTS

TELECOMPUTING suic New post Mr Bernard Panton who has retired. Mr Martin Hodson has

Sec. 20. 1.

Dr R.G.J. Telfer has been appointed to the new post of executive chairman of the standards board of BSI to help implement new programme for change being developed in the run-up to 1992. He is a director of both the Volex Group, and Renold, and a former chairman of ICI petrochemicals division, European Industrial Services, and Mather and Platt. From 1984-88 he was director of the Manchester Business School.

at **BSI** 

Mr Malcolm Terry has been appointed operations director of J. HEWITT & SON (FENTON), a subsidiary of Hewitt Refractories. He joins from Amtree, Salford -University's manage consultancy division. Mr Kenneth Holdway has been promoted from technical manager to technical director.

E Mr. Paul Thrush bas, been: appointed senior vice president and treasurer, UNION BANK OF SWITZERLAND, London branch. He was with Citibank New York, and takes over from Mr Karl Deutschle who becomes responsible for financial institutions.

Mr Anthony Evans, who was chief executive of Systems Reliability; has been appointed non-executive chairman of

been appointed managing director. Mr Michael Williams, Singer Whitaker, have been appointed non-executive directors. SWISS BANK

appointed to the UK board. CORPORATION, London, has appointed Mr Niel Sebag-Montellore to a new GISSINGS has appointed investment banking position covering Turkey, Israel, Hungary and other eastern tropean countries. He was ASSOCIATED in the equifies group.

M Mr Henry N.R. Jackman has joined the board of REFUGE GROUP, Wilmslow. A Canadian who lives in Toronto, he is chairman of several companies including EL Financial Corp. and The Empire Life Insurance Co.

BRITISH RAIL has appointed Mr Thomas M. Melvin as head of taxation, a new post, from January 1. He is group manager, taxation, BOC Group. Mr Roy Peters biscomes head of pension fund investment from December 18: He is a director of County NatWest Investment Management, with responsibility for the National Westminster Bank pension

fund.

promoted to general manager (lending and insurance) at NATIONWIDE ANGLIA BUILDING SOCIETY. He was DAS LEGAL EXPENSES tant general manager. -INSURANCE CO has promoted Mr A.E. Holdsworth from

1990.

TRANS WORLD **COMMUNICATIONS** has general manager to managing

been appointed managing director of YRATES, Brighton.

ppointed Lord Colnbrook (formerly Government Chief Whip, Mr Humphrey Atkins) as a non-executive director.

PRODUCTS, Doncaster.

appointed business development director of fund management group ANGLO-SWISS. He was a Touche Remnant director.

appointed Mr Richard Davies as sales and marketing director, a new post. He was product marketing and

### Security Pacific's approach to American Depositary Receipts

How it works: Operating as part of The Sequer Group, the American Depositary Receipts professionals at Security Pacific take a powerhouse approach to this international field of financial specialization. The emphasis in this regard is entirely on teamwork as the critical competitive strength

... tearnwork as it functions in every area of major concern. Within the ADR Group, it's reflected first in flawless execution and guaranteed performance up and down the line, from our senior management and account executives to our operations experts and shareholder services specialists. It's reflected as well in the fact that Sequor's ADR Group is staffed in depth at every level. We are not a one or two man show.

On the corporate side, teamwork means the absolute best in working support for the corporation's own ADR team --- investment bankers, accountants, legal counsel and investor relations practitioners.

In the U.S. securities markets, teamwork functions as an expression of confidence on the part of the broker/dealer community, a confidence based on the leadership position Security Pacific occupies in securities processing, clearing, institutional services, custody, securities lending, trust and transfer operations.

Around the world, our ADR clients have the full resources of a global banking power available to them, either through Sequor's cross-support specializations or through Security Pacific's multifaceted operations in every major center of international finance. This global alliance includes such trusted names as Burns Fry, Hoare Govett, McIntosh Hamson Hoare Govett and Mitsul Trust.

Why it works: The matter of strategy represents the qualitative difference in ADR success. And this is exactly where Sequor's ADR Group can make its biggest contribution.

As the powerhouse in the field, we know from experience that overall business objectives are of primary importance in accessing U.S. capital markets. What does the ADR company want to achieve? Recognition as a global competitor ... deeper market penetration ... greater corporate visibility ... a way to pursue merger and acoulsition opportunities?

The answers determine how the ADR facility should be planned and managed, the most suitable type of ADR vehicle or program, the use of equity or debt, and the course of action that best accommodates balance sheet considerations, growth projections and corporate timetables. Strategic thinking is the value that creates the winning edge in ADRs. To indicate our capabilities in this respect, we've prepared a booklet entitled "ADRs and Cross-Border

Mergers and Acquisitions." It's free upon request. Put the powerhouse behind your ADR program. Simply contact the member of our management team nearest you. In New York: Ralph Marinello, (212) 952-1600; London: Derek Brignell, Security Pacific National Bank (a member of TSA), 01-374-1673; Tokyo: Mitsuru Takeuchi,

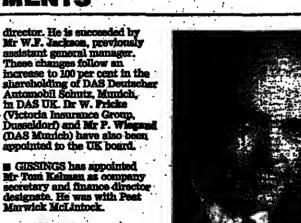
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hir David Venner (above) has

Mr Pairick Dougan, former chairman and chief executive of Powerscreen, has joined the board of MILLINGAD QUARBY

Mr Martyn Houre, has been ;

MICROGEN UK has systems manager, Rank Xeroz.

#### FT UNIT TRUST INFORMATION SERVICE

#### AUTHORISED **UNIT TRUSTS**

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FT UNIT TRUST INFORMATION SERVICE

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FINANCIAL TIMES WEDNESDAY NOVEMBER 15 1989

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2240 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 5990 0 59900 0 59900 0 59900 0 599000 0 5990000 0 59900000000	Homeson	267 190 Mollas	97;Bacastan Hop 20a, d L11
5000 30/00/croma Lonal A '1- 5320 -3	"306C164 Antia tert Sec. 10p. μ         248 + 3         79.27         174.77         16           561         368B10C 50p         33 + 1         r94.07         1.016 2         2.88           85         2768B10C 50p         33 + 1         r94.07         1.016 2         2.88           85         2768B10C 50p         33 + 1         r94.07         1.016 2         2.88           85         2768B10C 50p.         435	276         173 Neill (Lames)         cd         276         48.5         18         4106.5           154         83 Pomessien uit 2005         125m         41         45.3         51.8         4106.5           1421:         85 Printst (Sen)         18         46         4.5         3.0         51.8           1422:1         85 Printst (Sen)         18         16         4.5         3.0         51.8         9.7           1031         9100         8*p Pf	IBS Brome & Tawse v         IBS Brome & Tawse v         IBS Brome & Tawse v         ISS Browe & Tawse v
3716       22307U08 rivin funk si	19         1054Audri & General Tor, v         121,         0.3         3.2         3.2         1.2         1.2           506C164, hard vert Sec. 100, β         228         3.3         7.6         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.5         1.6         2.2         9.7         1.6         1.6         2.2         9.9         4.7         1.6         1.6         2.2         9.9         4.7         1.6         1.6         2.2         9.9         4.7         1.6         1.6         2.2         9.9         4.7         1.6         1.6         2.2         9.9         4.7         1.6         1.5         2.9         3.8         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2	69         39Respond         49         1.2         2.5         3.3(13.3)           276         173Reill (James)         c         276         173Reill (James)         c         1.24         3.4(16.2)           154         83Pmersoren (cl) 1095         125m + 1         14.2         2.7         4.5         1.8         4.3         3.0         1.8         4.3         3.0         1.8         4.3         3.0         1.8         4.3         3.0         1.8         4.3         3.0         1.8         4.3         3.0         1.8         1.1         1.4         2.2         7.4         5.7         4.7         1.0.1         1.0         8.9         P.         9.7         9.2         2.4         4.3         1.0         1.8         9.7         1.2         2.6         4.3         1.0         1.8         9.1         1.0         1.2         2.6         4.3         1.0         1.6         1.2         2.6         4.3         1.0         1.2         1.2         1.4         1.9         1.8         9.9         1.2         1.2         1.4         1.9         1.8         1.9         1.6         1.2         1.6         1.5         1.6         1.9         1.9         1.9	1550 h wink 700 is dop/h01 z         171.3 + 15           177         1025 Helantz Str Gre Spy         123         5 75         221         5 01.0         3         9         123         1025 Helantz Str Gre Spy         123          0 3 3 9 2.21         111.3            177         1025 Helantz Str Gre Spy         123          0 3 3 9 2.21         11            177         1025 Helantz Str Gre Spy         123          0 3 3 9 2.21         11            177         1025 Helantz Str Gre Spy         123          0 3 3 9 2.21         11                                                       <
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1930:       98/efet0.scocho Expt	*233 171(Cantrol Tech 10	258 156 Telfos 209	86       48Crieston 70p       •       •       66       +2       1.0       -7       1.01       647 (2010)       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01       2.01
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100       1010       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102       102 <t< td=""><td>P142 100Emes:</td><td>140         140         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141<td>85 33+Corne Beach 10p, v 511</td></td></t<>	P142 100Emes:	140         140         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141         141 <td>85 33+Corne Beach 10p, v 511</td>	85 33+Corne Beach 10p, v 511
111 y 981-100, 9 y pc hrd Pf., y 981-1,, 94, 45 - 12.5 - 1 *279, 166Westbury 100,, B 186rd -1 18.5 9.7 6.1 38 *67 49Bank of Wales 69 28 1.6 7.6 10.2 121 109Westmater Scitch By 130, 76.0 1.6 6.1 12.5 *560 - 564 Banclay SL 0 514 -1 1230 3.5 6.0 5.9 270 127Wigging Group	110         00444         014         014         014         014         014         014         014         014         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016         016 </td <td>2121         13th/SDA Groups</td> <td>176 100+0 arby time, 50</td>	2121         13th/SDA Groups	176 100+0 arby time, 50
239 157 Chancery, 177	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	253         161/42/681 Wear 567.2: v         233:61 41         165         228         37/12.5           175         95.86/261 Wear 567.0: v         233:61 41         165         228         3.75         1.55         5.015.51           258         164.267.000 m.m.         236	1031 88 Doison Part 100 P 92 55 1.9 8.0 8.5 430 259 50 rder 20
E16545145441Full Bank Y50 [5144] [815676] 4) D.2 4) EUE34084418A5F AC DNS0	1118         EGRNSTEN 107	135         762         134         24         134         24         39           158         704         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70         70 <t< td=""><td>103 778 0.5.147.16 0.5.177 768 111 518 23 758 64 1 258 1761647</td></t<>	103 778 0.5.147.16 0.5.177 768 111 518 23 758 64 1 258 1761647
479 110 (most f1 a) 410 -7 116 8 4 5 5 5 5 4 253 367 (code for 100 B) 185 110 0 1 7 7 7 9 7	218         125/kode int	1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2         1/2     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225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 \\ 225 $
1400       115/king 6 Shaxson 206 yr       1200 tr 12       923       -1.03       -       900       225/Littudy 100, 100, 100, 100, 100, 100, 100, 100	51         224 MBS 59         7         24         1         4         7         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1 <th1< th="">         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         <th1< th="">         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         <th1< th="">         1         <th1< th=""> <th1< <="" td=""><td>101         robust and this 100, y         90,</td><td>541     367Em. Chica Clars</td></th1<></th1<></th1<></th1<></th1<>	101         robust and this 100, y         90,	541     367Em. Chica Clars
	262         145         143         14         9.1           279         102         144         12         1         1         4           379         26.1         144         12         1         1         4         4           379         26.1         144         12         1         1         4         4         1         1         4           165         121         144         164         1.1         164         1.1         3         3.1         2.1         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.2         1.6         1.6         1.2         1.6         1.2         1.1         1.1         1.1         1.1         1.1         1.1         1.3         1.2         1.2         1.3         1.2         1.2         1.2 </td <td>115         111/Fill Fylles (r.5</td> <td>200         94Eurocory 50         192         -1         112.1         21         23         15         32.4         123         986 Frame (100) 100, v         75.0         36.2         1.6         12.4           925         53E xxa11bar Group.         v         65         1.0         5.5         2.1         10.5         2.47         10.3         10.4         1.2         986 Frame (100) 100, v         101         6.2         1.4         12.1         2.3         15.6         2.4         1.0         5.5         2.1         10.6         247         1637 Exc Proj. Sw. 100, v         2.6         1.6         2.1         1.0         5.5         2.1         10.5         1.5         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6</td>	115         111/Fill Fylles (r.5	200         94Eurocory 50         192         -1         112.1         21         23         15         32.4         123         986 Frame (100) 100, v         75.0         36.2         1.6         12.4           925         53E xxa11bar Group.         v         65         1.0         5.5         2.1         10.5         2.47         10.3         10.4         1.2         986 Frame (100) 100, v         101         6.2         1.4         12.1         2.3         15.6         2.4         1.0         5.5         2.1         10.6         247         1637 Exc Proj. Sw. 100, v         2.6         1.6         2.1         1.0         5.5         2.1         10.5         1.5         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6         1.6
175 1242 and and the Witting 114 1 - 1 (0.05 × 0.5.1 + 0.1) - 30ch 175 (Arcres Group 5p v 255 - 1 (4.2) 2.2 (2.0) 2.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5) 1.5 (2.5)	4811 442/Millaubia1 Elect V50.   476)+16   036/M 2.9 0.7 (96.1   162 77(Mplynx 200	4921 4006rcg9s 200	163     164     164     164     164     171     160     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171     171
633.481(94)Sec       Pactilic S10	143 69Wattonar (#555a) 697-21 20 27 3.7 101 103 66Westonics Teck.5p. v 59, 1.8 2.3 3.0 18.9 94 47/Nesco.invests	111         321         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1 <td>107         Estimation         1         225         2         153         4         127         128         129         138         3         13         3         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         <th13< th="">         13         13</th13<></td>	107         Estimation         1         225         2         153         4         127         128         129         138         3         13         3         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13         13 <th13< th="">         13         13</th13<>
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545       224 Angle Gro 100	265         1331-2         100         225         143         42         27         111           141         630-2         110         225         113         13         13         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         11         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14         14	70         Jordannals Scion June         33         12         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         23         17         17         23         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17         17 </td <td>TS         Softiampoor Inti. Se. v         S7         Indi. 702 3.6 4.5         7.8         7.8         126         9500 style         126         951         127         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         951         126         951         951         126         951         126         951         126         951         126         951         951         126         951         951         127         126         951         951         951         951         951         951</td>	TS         Softiampoor Inti. Se. v         S7         Indi. 702 3.6 4.5         7.8         7.8         126         9500 style         126         951         127         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         126         951         951         126         951         951         126         951         126         951         126         951         126         951         951         126         951         951         127         126         951         951         951         951         951         951
577 b)         427/Allied-Lyanc	2125         149         16.0         4.2         4.1         7.4           2125         149         16.0         4.2         4.1         7.4           2125         149         10.3         175         16.0         4.2         4.1         7.4           1361         105         178         16.0         4.2         4.7         5.0         9.8           1301         105         113         1.4         2.7         7.0         9.8           220         220         128         13.5         13.5         14.2         2.7         5.0         9.8           220         220         128         16.0         4.2         2.7         5.0         9.8           127         77         13.5         17.5         9.8         17.5         9.6         9.7         13.4         16.6         9.7         3.0         4.1         7.4         1.2         1.6         6.4         4.0         1.6         4.0         1.6         4.0         1.6         4.0         1.6         4.0         1.6         4.0         1.6         4.0         1.6         4.0         1.6         4.0         1.0         4.0         1.6         4.0	422         2027 Responsibility         22         -3         0.5         4         3.5         4           205         1045 Sainsbury (J. )	Clift+ic1190b 10sc1n 207-12, y       Clift+ic1190b 10sc11-12, y       Clift+ic1190b 10sc11, y       Cl
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13d)       01[bryant 6routin], Bi       964       460       356       57       153       100 Pb       7.50       175       7.61       -         140       103+Bechault Accum 1s y       115       33       284       451       01       511       111Lownede Gwary 50, B       135       143       175       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7.61       -       7	Beg         35ght Trust 300	out         574 + 1         1.21 2.01 3.11 14.3           115         654 houlds Meaths Lip, yr         100 -         72.01 2.91 2.71 7.2           31         165 houlds Waad Ponk Jr. yt         100 -         72.01 2.91 2.71 7.2           31         165 houlds Waad Ponk Jr. yt         128         0.45 2.81 3.3 12.5           4128         786 Artey         9         90         13.3 2.1 5.5           671, 378 minour Treat Libu yr         45         1.21 4.01 3.6 8.5         1.24 4.01 3.6 8.5           215         155 forace Brit Lesits 20 yr         145         6.5 2.4 5.3 9.7         1.27 4.01 3.6 8.5           84, 38 Asous Br. Eng La yr         4         4         4         4         1.27 4.01 3.6 7.7	3372477, Sun Altande Grp       309       3       F15.02       1.87,7715.9         3372477, Sun Altande Grp       309       3       F15.02       1.87,7715.9         1210       24.6747, Sun Altande Grp       309       3       F15.02       1.87,7715.9         24.6747, Sun Altande Grp       1200       8253 statistic M EDR       12208 +13       F15.02       1.87,7715.9         1210       24.6747, Sun Altande Grp       1200       1200       12208 +13       F15.02       1.87,7715.9         1211       1354       137,2312.8       1255       1255       1264       1004.0       1230       4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3       -4.3
535       318 Carater 5p.       513       411.0       3.3       2.8       1.4       440       145 Intiller & Sonke 5p.       30       30       30       30       30       2.1       2.0       37         128       30       513       4.0       2.3       126       1.4       440       145 Intiller & Sonke 5p.       7       30       30       30       2.1       2.0       37         128       30       513       2.4       1.7       1.5       5.2       293       140       30       2.1       2.0       37         128       30       50       30       2.4       1.7       1.5       5.2       293       176       400       2.9       17.6         181       140       1.3       7.7       1.43       176       1.63       87       1.107       1.3         1150       3.3       2.0       1.7       1.5       1.200       167       160       7.7       1.10       1.13         1150       3.3       2.0       1.7       1.5       1.200       167       160       7.7       1.10       1.3         1150       3.3       2.0       1.7       1.5       1.9 <td>664) 49(Bahcock Intl. 10), 8 52 - 4 12.0 1.7 7.7 9.0 17 9(Balley U. N.)</td> <td>130       564-50       364       130       53       54       54         119       866-50       74       86       74       80       -124       -124         130       564-56       85       75       20124       4.7       80       127       57       20124       4.7         130       564-56       50       75       20124       4.7       127       50       1.9       1.9       1.1       172       75       20124       4.7         225       1354/absyrets 10p       y       93z       -5       5.5       8.2       4.7         1175       7554/aszmett 10p       y       93z       -50       0.84       4.9       6.9       4.9       1.75       3.0       4.3       2.1       1.75       3.0       4.3       2.1       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.2</td> <td>1280Metrial Closures         β         156         151         137         231         144         124         126         151         151         21           2111         13344Metrics         10p         101         -5         r33         3.7         2.8         15.0         154         164         174         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         125         125         125         125         125         125         125         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124<!--</td--></td>	664) 49(Bahcock Intl. 10), 8 52 - 4 12.0 1.7 7.7 9.0 17 9(Balley U. N.)	130       564-50       364       130       53       54       54         119       866-50       74       86       74       80       -124       -124         130       564-56       85       75       20124       4.7       80       127       57       20124       4.7         130       564-56       50       75       20124       4.7       127       50       1.9       1.9       1.1       172       75       20124       4.7         225       1354/absyrets 10p       y       93z       -5       5.5       8.2       4.7         1175       7554/aszmett 10p       y       93z       -50       0.84       4.9       6.9       4.9       1.75       3.0       4.3       2.1       1.75       3.0       4.3       2.1       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.75       3.0       4.3       1.0       1.2	1280Metrial Closures         β         156         151         137         231         144         124         126         151         151         21           2111         13344Metrics         10p         101         -5         r33         3.7         2.8         15.0         154         164         174         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         125         125         125         125         125         125         125         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124         124 </td

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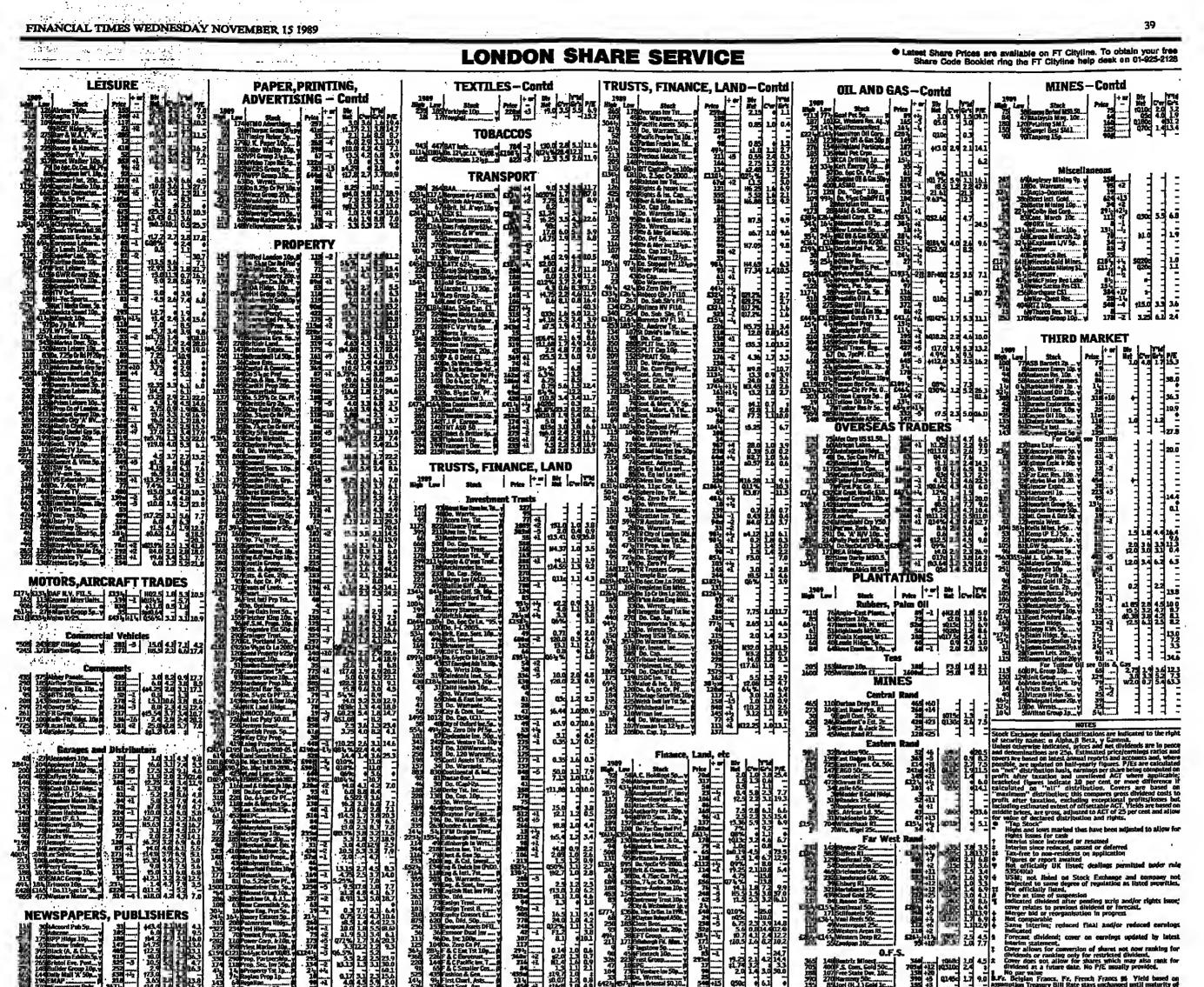
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1         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         4         1         2         4         4         1         2         4         4         1         2         4         4         1         2         1         2         4         4         1         2         1         2         4         4         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2         1         2	SHOES AND LEATHER 310 125 FTI Group. 147 111 Future Hidge So. y 147 142 24 31 32 41 11 70.0 148 31 32 41 11 70.0 149 31 32 41 11 70.0 141 32 31 32 41 11 70.0 142 31 32 41 11 70.0 143 31 32 41 11 70.0 144 31 31 31 31 31 31 31 31 31 31 31 31 31	101157       111       2.5       945       600-10       200       100       100       111       2.5       2.5       0.2       1.5       0.00       1.5       0.00       1.5       0.00       1.5       0.00       1.5       0.00       1.5       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00       0.00
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"91 17#Fairway (Lon) 5p. y 50	E1641         ASOBARIO AM. Ind. R1.         E134         -bit         Control 3.5         5.8           718         3758         3768         364         40         10707         4.6         6.9           649         555         556         516         516         51727         4.5           82         6118         610         10727         4.5         3.1         1026         1.7727         4.5           82         6118         610         555         601         526         2.6117         7.3         1           266         1730K         Basars 50         271         211         1008         1.8116         4.7           211         1109         5341         1.0         1.4147         4.24         4.7	113       131       12       12       12       11       12       12       11       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       12       <
64 239FHidas 50	66         ZSiAbercom NPV         26          7           116*         ASYGAndyo Am. Int. R1         2131          629420         3.3         5.5           1718         37380/r0w Rand Disc.         659420         01707         9         6.4         6.9           647         555604         Fids. P. 24c.         64143         1030e         17717.7         3.1         1           266         17305         Barages Str.         64143         1030e         1/2172.7         4.5           266         17305         Barages Str.         64143         10320e         2.6111.7         3.1         1           266         17305         Barages Str.         211         110642         1.6         7.7           2711         10045         3.01         1.1         4040-13         2.6117.3         1           377         2730         Brows 200.	141       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       1
1/3 1/3/14/16 Green to 1/3 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1 / 2/1	TEXTILES	
127 339 Green (J)	200Anca Holes. 20p. y         25         41.2         24.4         11.7           313Auliei Trathe	11       1491
133 103 Linvis Porter 10p. v 214	1746 rt. Monut. Y 185 - 4 14 14 44 10.2 1900 - 4 19 10.2 1900 -	3200       D0. 2nd Can. by       100       100       24.0       1.4       5.4       1.0       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110       110
6/72 5581.ameros Nandol A 594 -5 4704 - 1 250 1831.oper 50	1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740         1740 <td< th=""><th>18       228       0.2       256      </th></td<>	18       228       0.2       256
410 278 More V Ferr, 100, y 333 -3, 110.0 2.8 4.011.5 229 143 Morton Oper 100, y 333 -3, 110.0 2.8 4.011.5 229 143 Morton Oper 100, y 220, 15.0 2.7 3.016.6 122 8900 54, ec O Pr., y 117,	112         700 Magas (Leike) TDY         76         42         43.01         1.9         41.6.8           1217         200 Miching Pentecnit. v         67         2.0         3.0         3.1         9.2           200         978 graduates 100	100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100
233 134 Daturth & Little 5	200         978 mptantific 100	12       252       255       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       120       12
36 121- 100 attractors logis 50 y 139 0.77 2.07 7.27 9.5 301. 726 Westers (Michael), v 70 3.77 v 6.3 0 7653 #510 Print logis v 70 91 20 91 21 2 831 4450 PS Costis, Gru, v 321 91 22.27 9.1 9 1	*144         Scheme (Robert H)	60       41.000120001 2000 70000 100 100 100 100 100 100 100 10
421 25.25antdi 109	155 Partiade A	41       2000 Warrants       2010 Warrants       2010 Warrants       41       2010 Warrants       2010 Warrants<
2.23 (1212) (2011) 7207	245 Transietsow (0.) 10p. y 779	2000 Warmati       210 m
2021       2001 Do. Burne (Matri 200. s)       222 - 2       8.25 3.8 4.8 7 73         2020       Do. Burne (Watr X. v)       223 - 2       8.25 3.8 4.8 7 73         2455       J403 (Intrasprint)       123 - 710 (D. 2000 2 b), co.       70         133       J03 Limits proter 100. v)       124 - 710 (D. 2000 2 b), co.       717 - 74         133       J03 Limits Porter 100. v)       124 - 74       46.7 (2 100 4 s)         407       900 comp 2 b), co.       176 - 1       46.7 (2 100 4 s)         413       J03 Limits Porter 100. v)       114 - 44.0 (2 s)       -71         537       3200 aprint Binden A - 996 - 3       440 c - 13.7 - 73         537       3240 cove Brown Di00. v)       333 - 3       400 c - 13.7 - 73         1101 L Research Grown A - 976 - 3       440 3.3 2.1 19.2       124 3.2 4 9 4.4         3201 137/BIL Research Grown A - 733 - 8       77.7 3 115.5       122 9.3 4.6 11.5         122 9500 054 pec Cor Fror. 100. v)       333 - 3       100 2.8 4.6 11.5       127 7.3 11.5         122 9500 054 pec Cor Fror. 100. v)       335 - 3       100 2.8 4.6 100 2.00. 11.5       122 - 5       13.6 2.7 7.3 11.5         122 9500 054 pec Cor Fror. 100. v)       335 - 3       100 2.8 4.6 10.7 0.2       127 - 7.0 0.5       127 - 7.0 0.5      13.7 7.3 11.5      13.3 3.9 3.6 3.0	220         978 and 10 and	a) Add A & S and Dum Lue, 3       a) Add A & S and Dum Lue, 4       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and Dum Lue, 5       a) Add A & S and A &

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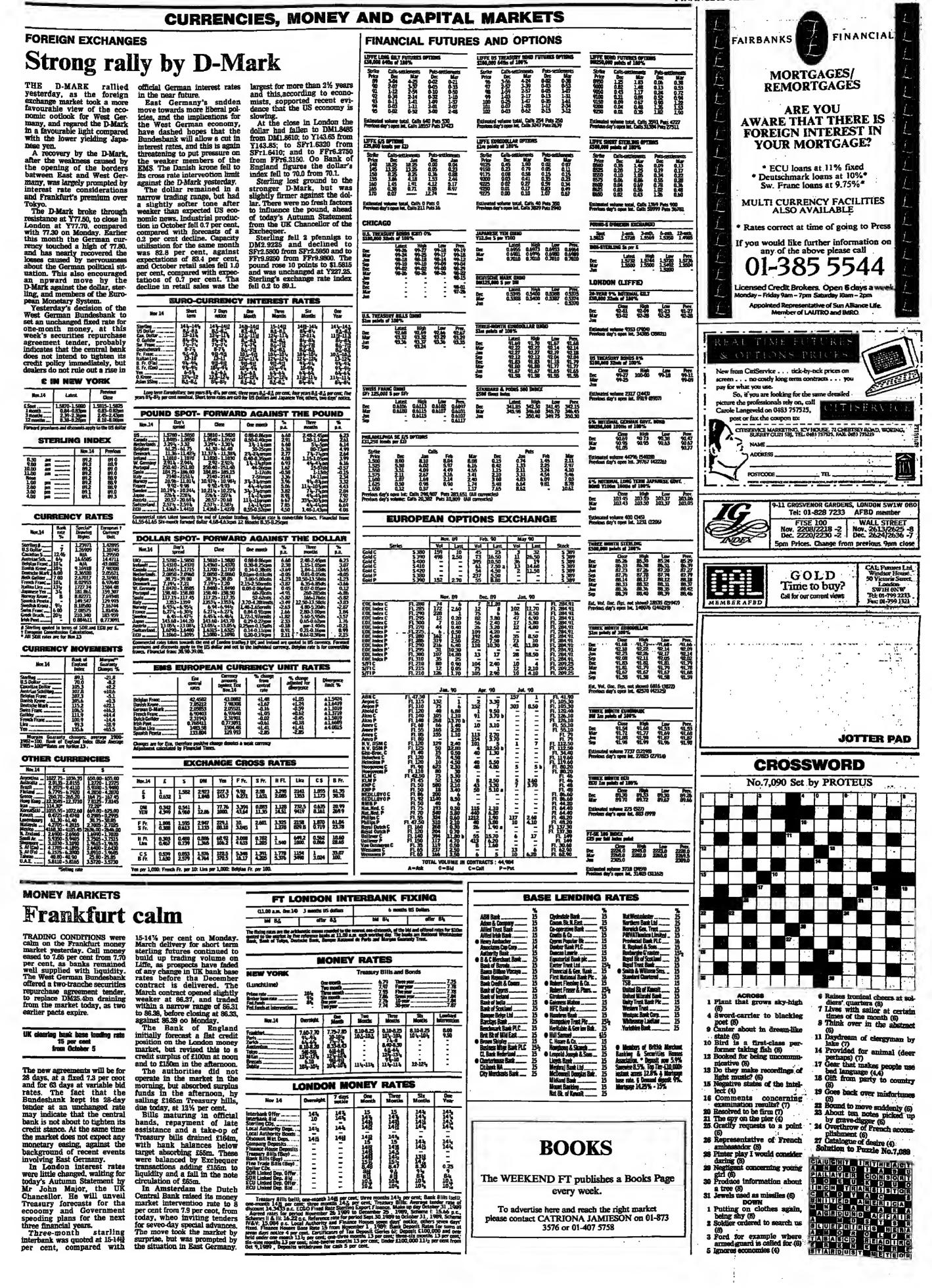
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ł	Australia, Reventer 14 Sch. + a Antria Aldines		Bayer	ITALY (statimed) Normaler 14 Line + et - SaflaA	464 8 (Fred		CAI	ADA		
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Nov.           14         13           All Gridwitz (2),200         3635.7           All Gridwitz (2),200         365.5           Bits, Gould         825.5           Ordit, Atchs (20/12/90)         417.44           Draws St. Coll.400         463.05           Branch St. Coll.200         446.155           Draws St. Coll.400         4461.05           Draws St. Coll.400         546.45           Draws St. Coll.400         546.45</th><th>1391.94 6336.70 6805.28 (26/9 5519.30 66/1) 344.94 342.68 356.65 (12/7) 275.49 (27/2)</th></th></th></td<>		101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00         101.00 <th 101.00<<="" th=""><th>Nov.         Nov.           14         13           All Gridwitz (2),200         3635.7           All Gridwitz (2),200         365.5           Bits, Gould         825.5           Ordit, Atchs (20/12/90)         417.44           Draws St. Coll.400         463.05           Branch St. Coll.200         446.155           Draws St. Coll.400         4461.05           Draws St. Coll.400         546.45           Draws St. Coll.400         546.45</th><th>1391.94 6336.70 6805.28 (26/9 5519.30 66/1) 344.94 342.68 356.65 (12/7) 275.49 (27/2)</th></th>	<th>Nov.         Nov.           14         13           All Gridwitz (2),200         3635.7           All Gridwitz (2),200         365.5           Bits, Gould         825.5           Ordit, Atchs (20/12/90)         417.44           Draws St. Coll.400         463.05           Branch St. Coll.200         446.155           Draws St. Coll.400         4461.05           Draws St. Coll.400         546.45           Draws St. Coll.400         546.45</th> <th>1391.94 6336.70 6805.28 (26/9 5519.30 66/1) 344.94 342.68 356.65 (12/7) 275.49 (27/2)</th>	Nov.         Nov.           14         13           All Gridwitz (2),200         3635.7           All Gridwitz (2),200         365.5           Bits, Gould         825.5           Ordit, Atchs (20/12/90)         417.44           Draws St. Coll.400         463.05           Branch St. Coll.200         446.155           Draws St. Coll.400         4461.05           Draws St. Coll.400         546.45           Draws St. Coll.400         546.45	1391.94 6336.70 6805.28 (26/9 5519.30 66/1) 344.94 342.68 356.65 (12/7) 275.49 (27/2)
	F338LAMB           Newcamber         14           Newcamber         14           Dator         140           Dator         14           Dator         170           Dator         170           Dator         170           Dator         170           Dator         170           Dator         170           Dator         14           Stration         14           Stration	Sitte Resigned         C20         63           Sitte Resigned         1,020           Sitte Resigned         1,020           Same Cas, de Fr         476           Same Alighert         2,470           Same Alighert         2,470           Same Alighert         610           Same Alighert         171,           Same Alighert         171,           Traitsinger         416,           Traitsinger         46, 9           Traitsinger         46, 9           Traitsinger         46, 9           Utilise to SSF         171, -72, -72, -75           Utilise to SSF         90, 142           Valion sammab Fr         666, 16           Valion sammab Fr         660, 16           Aliger Aligher Mandal         829           Aliger Aligher Mandal         10           Aster Bardawer Mandal         400, -35           Aliger Aligher Aligher Aligher Aligher	Construct         3250 Construct         456 Construct           Construct         4500 Construct         4500 Construct         4500 Construct           Construct         2400 Construct         4500 Construct         4500 Construct         4500 Construct           Damiestic         71270 Construct         4100 Construct         4100 Construct         4100 Construct           Damiestic         71270 Construct         4100 Construct         4100 Construct         4100 Construct           Patterin         54,400 Construct         4100 Construct         4100 Construct         4100 Construct           Construct         71270 Construct         4100 Construct         4100 Construct         4100 Construct           Construct         71270 Construct         71270 Construct         4000 Construct         4000 Construct           Construct         71270 Construct         71270 Construct         400 Construct         400 Construct           Total Adviration         71270 Construct         71270 Construct         400 Construct         400 Construct           Materia         71270 Construct         71270 Construct         400 Construct         400 Construct           Materia         71270 Construct         71270 Construct         71270 Construct         400 Construct           Materia	Crover Hispania         1.140         +42           Crover Hispania         1.140         +42           Crover Hispania         1.100         -4           Dectar Viewa         2.08         +12           Bergis Ind Az         432         +22           Errord         3.05         -7           Bergis Ind Az         432         +22           Errord         1.050         -7           Errord Inter         770         +8           Errord Inter         775         -3           Fast Remote Inter         515         +5           Fred Remote Inter         515         +5           Histopic	Bit Cit         43         +8.75           CitA Galla         10         +0.25           De Barri         54.4         +0.7           Detronal Gal         15.75         +4.5           Destronal Gal         21.7	STANDARD AND POOR'S           Comparity \$ 334.55 339.10 336.57 336           Intervals         507.05 386.45 383.22 385           Financial         32.52 32.55 32.50 32           IVSE Comparity         188.22 187.90 186.75 187.           Amer Mile Value         371.07 370.42 570           MSSDAQ Comparity         188.22 187.90 186.75 187.           Amer Mile Value         371.07 370.42 570           MSSDAQ Comparity         465.19 456.19 454.07 454           MSSDAQ Comparity         455.94 456.19 454.07 454           MSSDAQ Comparity         188.22 187.90 186.75 187.           MSSDAQ Comparity         455.94 456.19 454.07 454           More 3         0           Deer Indestrial Ste. Vield         3.00 30           S & 9 Industrial Ste. Vield         3.00 30           S & 9 Industrial Ste. 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13/01.4         12/01.2           Camerchank (21/2598)         13/01.4         12/01.2           SEED Overall (8/1/00)         16/01.4         16/01.0           SEED Overall (8/1/00)         16/01.2         5/01.2           Camerchank (21/01/01         3/01.2         12/01.2           Camerchank (21/01/01         3/01.2         12/01.2           SEED Overall (8/1/020)         3/01.2         12/01.2           Camerchank (21/020)         3/01.2         <t< td=""><td>646.5         6492.9         815.6         0.040         625.4         0.4/11           507.1         507.6         56.1.6         0.100         917.3         207.2           518.1         116.1         228.1         0.0100         97.3         277.2           634.94         623.47         640.91         0.0100         97.3         277.2           634.94         623.97         640.91         0.0100         57.3         277.2           826.27         1287.9         1287.9         1287.9         1277.3         0.3/22           826.27         1287.9         1287.9         1287.7         201.3         1360.64         10.012           826.27         1287.9         1467.51         1390.95         10.193         201.2         577.49         202.2           647.41         448.55         734.84         0.3(9)         577.49         202.2         576.44         0.401         277.97         641.2           647.41         448.56         734.84         0.3(9)         277.49         202.2         577.49         202.3         577.49         201.2           572.7         256.41         119.1         270.9         647.10         277.3         277.3</td></t<></td></t<>	PRIA         AMC           Unitas General (2775)         625.4         634.4           Values General (21/280)         512.7         512.1           Unitas General (21/280)         157.1         117.3           CamerchanktV         12/21287         12/01.4           CamerchanktV         12/01.2         12/01.4           Camerchank (21/2598)         13/01.4         12/01.7           Camerchank (21/2598)         13/01.4         12/01.2           Camerchank (21/2598)         13/01.4         12/01.2           Camerchank (21/2598)         13/01.4         12/01.2           SEED Overall (8/1/00)         16/01.4         16/01.0           SEED Overall (8/1/00)         16/01.2         5/01.2           Camerchank (21/01/01         3/01.2         12/01.2           Camerchank (21/01/01         3/01.2         12/01.2           SEED Overall (8/1/020)         3/01.2         12/01.2           Camerchank (21/020)         3/01.2 <t< td=""><td>646.5         6492.9         815.6         0.040         625.4         0.4/11           507.1         507.6         56.1.6         0.100         917.3         207.2           518.1         116.1         228.1         0.0100         97.3         277.2           634.94         623.47         640.91         0.0100         97.3         277.2           634.94         623.97         640.91         0.0100         57.3         277.2           826.27         1287.9         1287.9         1287.9         1277.3         0.3/22           826.27         1287.9         1287.9         1287.7         201.3         1360.64         10.012           826.27         1287.9         1467.51         1390.95         10.193         201.2         577.49         202.2           647.41         448.55         734.84         0.3(9)         577.49         202.2         576.44         0.401         277.97         641.2           647.41         448.56         734.84         0.3(9)         277.49         202.2         577.49         202.3         577.49         201.2           572.7         256.41         119.1         270.9         647.10         277.3         277.3</td></t<>	646.5         6492.9         815.6         0.040         625.4         0.4/11           507.1         507.6         56.1.6         0.100         917.3         207.2           518.1         116.1         228.1         0.0100         97.3         277.2           634.94         623.47         640.91         0.0100         97.3         277.2           634.94         623.97         640.91         0.0100         57.3         277.2           826.27         1287.9         1287.9         1287.9         1277.3         0.3/22           826.27         1287.9         1287.9         1287.7         201.3         1360.64         10.012           826.27         1287.9         1467.51         1390.95         10.193         201.2         577.49         202.2           647.41         448.55         734.84         0.3(9)         577.49         202.2         576.44         0.401         277.97         641.2           647.41         448.56         734.84         0.3(9)         277.49         202.2         577.49         202.3         577.49         201.2           572.7         256.41         119.1         270.9         647.10         277.3         277.3	
	Antic Carp.         1.640         -40           Antic Carp.         1.640         -40           Astain Chil         0.160         -140           Astain Chil         0.160         -140           Astain Chil         0.160         -140           Astain Chancels         1.210         -20           Bank Thidgs         1.400         +20           Bank Thidgs         1.400         +20           Bank Thidgs         1.500         -500           Cathon Chancels         1.500         +50           Cathon Sites         1.140         +10           Cathon Sites         1.500         +20           Cathon Sites         1.500         +20           Cathon Elect Play         1.500         +20           Cathon Elect Play         1.500         +20           Cathon Elect Play         1.500         +30           Cathon Elect Play         -45	Ciełt Els, Can.         3240         440           Kiełt Wispon B.         1,010         420           Ciełt Bis, Can.         32,02         430           Ciełt Bis, Can.         37,00         420           Ciełt Bis, Can.         37,00         430           Ciełt Bis, Can.         37,00         430           Katto Wispon, L.         37,00         -30           Kotowa Electric         3,00         -30           Kontus Electric         3,00         -30           Kontus Electric         3,00         -30           Kontus Electric         1,000         +10           Koroku Electric         1,300         -30           Koroku Gaenical         1,700         +10           Koroku Gaenical         1,700         +10           Koroku Gaenical         1,200         -30           Koroku Bathel         1,200         -30           Koroku Bathel         1,200         -30           Koroku Bathele	Nippon Fast.         1.00           Nippon Start         1.00           Nippon Start         1.30           Nippon Start         1.20           Nippon Varia         1.30           Nippon Nord         1.30           Nippon Nord         1.30           Nippon Stard         1.30 <th>1400 Barren         2,200         1.00           Tohysam Suda         1,200         1.00           Tohysam Suda         3,120         -90           Tohysa Braxilag         3,120         -90           Tohysa Braxilag         3,120         -90           Tohysa Braxilag         3,120         -90           Tohysa Braxilag         1,400         +150           Tohysa Braxilag         1,400         -40           Tohysa Braxilag         1,400         -40           Tohysa Braxilag         1,400         -20           Tohysa Braxilag         2,400         -40           Tohysa Braxilag         2,400         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         1,20         -3           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -10           Tohysa Carg         2,200         -10           Tohysa Carg         2,400</th> <th>Balters Collina         2.70         -0.00           Balters Collina         10.00        </th> <th>Comparis 3949.49 SHC57 3902 HUNTEAL Pertinia 2011.58 2009.22 2002 Terromo Comparison and Metalsh - 1000, Torona A Boy f Excluding basels, 5 industrial, pilo Utilities, Unerailable.</th> <th>5 203.82 2004.580.0(10) 1577.48 0(1) I Coromon-50; Standard and Poor's-10; and mices have 1775 and Moterner Poor's-10; and mices have 1775 and Moterner Poor's-10; and Financial and Transportation. 02 Closed. 00 TOKYO - Most Tuosday Nover Tacks Closing Change Tacks Pices on day</th> <th>Active Stocks</th> <th>529.7 528.5 551.2 CMB 487.6 (13/6)</th>	1400 Barren         2,200         1.00           Tohysam Suda         1,200         1.00           Tohysam Suda         3,120         -90           Tohysa Braxilag         3,120         -90           Tohysa Braxilag         3,120         -90           Tohysa Braxilag         3,120         -90           Tohysa Braxilag         1,400         +150           Tohysa Braxilag         1,400         -40           Tohysa Braxilag         1,400         -40           Tohysa Braxilag         1,400         -20           Tohysa Braxilag         2,400         -40           Tohysa Braxilag         2,400         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         1,20         -3           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -40           Tohysa Carg         2,200         -10           Tohysa Carg         2,200         -10           Tohysa Carg         2,400	Balters Collina         2.70         -0.00           Balters Collina         10.00	Comparis 3949.49 SHC57 3902 HUNTEAL Pertinia 2011.58 2009.22 2002 Terromo Comparison and Metalsh - 1000, Torona A Boy f Excluding basels, 5 industrial, pilo Utilities, Unerailable.	5 203.82 2004.580.0(10) 1577.48 0(1) I Coromon-50; 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### NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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\$69% after the company said

that it had raised its quarterly

dividend hy 20 per cent and plannsd a five-for-one stock

MGM-UA Communications

### WORLD STOCK MARKETS

#### AMERICA

# Dow declines despite bonds rally

#### Wall Street

THE EQUITY market continued to drift yesterday, in spite of a modest rally in the Trea-sury bond market in response to 8 batch of weak economic data, writes Janet Bush in New York

At 2 pm, the Dow Jones Industrial Average was 11.88 lower at 2,614.55 on sluggish volume of 84m shares at midsession. The Dow closed virtually unchanged on Monday, 0.82 np at 2,626.43.

The Dow moved to small gains early in the session, as the bond market rallied cautiously after the latest batch of economic data was published; hnt it could not sustain these level

Industrial production fell 0.7 per cent in October, a much larger fall than anyone had expected. However, much of that drop was due to the Boe-ing strike, and various production disruptions arising from the California earthquake, par-ticularly in the computer industry. Capacity utilisation seems to have been distorted for similar reasons.

The operating rate fell sharply to 82.8 per cent from

83.6 per cent in September. The US Federal Reserve said where the Fed wants Fed Funds to trade, however, on production would have been little changed had it not been the basis of one day's market for these special factors. Retail sales fell 1 per cent last month, in line with expec-

were watched particularly

carefully. The Fed had been expected

to drain reserves from the hanking system, with Fed Funds trading some way below

operation. Nevertheless, a con-tinuing gradual easing accords with market expectations and with recent evidence of contations based on published tinuing weakness in the weak statistics for car sales in economy None of this appeared to Octoher. Excluding autoa,

have much impact on the equity market which is virturetail sales rose 0.2 per cent. The Federal Open Markat Committee, which sets the Fed's target for Fed Funds, met ally stagnant. Among featured stocks was Microsoft, which dropped \$1% yasterday and the central bank's open market operations to \$86%, reversing some of its

\$3% gain in Over-the-counter trading on Monday. That share and said that it expected a substantial loss for the advance had been on rumours fourth quarter. of an agreement with IBM of a joint venture. Once this had Canada been announced late on Mon-day, traders started taking profits. IBM added \$% to \$98% US ECONOMIC data indicating

8½ per cent – believed to be the Fed's new target since its easing move last week. How-ever, the Fed refrained from at mids Philip Morris fell \$1% to operating in the market when \$41 % on expectations that Sen-Fed Funds were trading at 8% ator Ted Kennedy would intro-This prompted speculation that the hottom end of the Fed's target range is 8% per cent, rather than 8% per cent. duce a Bill in Congress today which would impose stricter labelling requirements for ciga-rettes and take other measures

to limit smoking. JC Penney added \$% to \$67% after reporting third-quarter earnings of \$1.65 a share - bet-If this is the case, last week's easing from 8% per cent may have been slightly larger than had been thought. It is difficult to tell exactly ter than analysts had expected. Longview Fibre rose \$2% to

EUROPE

economy.

gains by 252 to 186.

## Political stalemate agitates Athens

Kerin Hope explains the obstacles holding up the bourse's expansion

500

350

Source : Co

HE SECOND inconclusive Greek election in five months has sent share prices see sawing on the Athens stock exchange and has threatened further delays in modernising the bourse.

added \$1% to \$20% on a US press report that Tele-Commi-The Athens general index nications and its United Artist plunged 8.9 per cent, from 519.73 to 473.78, on November 6, subsidiary might be putting together a hid for the company, possibly with Turner Broadthe morning after the conser-vative New Democracy party casting System. Mack Trucks fell \$% to \$6% narrowly failed to capture after the company reported a an outright parliamentary majority. The fall was halted two days third-quarter loss of \$2.94 a

later as negotiations for a coalition government got under way. But then the Cen-tral Bank stepped in to impose a private sector credit squeeze, and prices plummeted again. "The general mood is really

a slowing economy pushed Toronto stocks lower in quiet trading at midsession. The US quite pessimistic ... You've got to be a prophet to pre-dict what tha politicians are going to do," said Mr Artemes Theodorides, one of the 30 independent stock-brokers at the hourse figures were mostly in line with expectations, but nevertheless raised concerns about a softening in the American brokers at the bourse.

On Monday, the general The composite index lost 9.3 index dropped by 1.1 per cent, only to jump back up by 2.9 per cent yesterday to close at 455.98, reflecting renewed hopes of a coalition being formed by the end of the week. to 3,940.4 on volume of 12.4m shares. Declines outpaced Although there were some rises by resource stocks, most heavy-volume shares fell.

Although reluctant to say so publicly. Greek investment specialists were counting on a New Democracy victory to bring a wave of new issues to the bourse and speed up the development of a fully-fiedged capital market under its liberal economic programme.

Now it looks as if the year will end without a single list-400 ing being added to the 160-odd companies quoted on the exchange.

At least three companies . 300 were poised to join the market after the election, but are now reconsidering. The launch of a parallel market, set for October 250 but postponed until after the election, looks more distant underwrite new share issues than ever. The first two securities firms

The first two securities firms set up earlier this year under a 1988 framework law moderni-sing the exchange are still marooned on the sidelines because of a dispute with the private brokers, some of whom take a fairly hostile view of newcomers joining their club. One of these new firms. National Securities, has capital

how much the big new firms should pay to a fund guaran-teeing stock exchange transac-National Securities, has capital totalling Dr1hn (\$6m) and belongs to the National Bank of Greece, the country's biggest commercial bank. It plans to

political decision will be needed. There's a bit of a deadlock.

Common sense should prevail, but the political will must be there too, said Mr George Apostolides, manager of the National Back's investment division and a member of the Capital Markets Committee which supervises the bourse.

In the meantime, foreigh investors, who were pouring about Dr200m a day into the Athens market as it rushed to

mate and the prospect of fresh elections in the spring, the medium-term outlook is still medium-term outlook is still considered encouraging. Pri-vate banks, cement companies and the food sector, which all did well in the late summer surge, are expected to show substantial profits this year. To many analysis, shares on the Athens market are still undervalued. Some price em-ings ratios are as low as five or

ings ratios are as low as five or six, and profit increases of more than 40 per cent are fore-cast for a number of companies next year.

## ASIA PACIFIC Nikkei creeps to second record as caution emerges

#### Tokyo

AN AIR of caution permeated the market as the yen's weak-ness revived interest rate fears and speculative interest faded. The Nikkei average neverthe-less crept to a second consecn-tive record and volnme improved, writes Michiyo Nakamoto in Tokyo.

The market began strongly, hut collapsed hy the end of the morning. After wavering through the afternoon, the Nik-kei closed with a modest rise of 18.52 at a record 35,768.64. It had reached a day's high of 35,775.99 and a low of 35,696.72. in spite of the rise in the index, declining stocks out-numbered advances by 472 to 442, while 199 issues were unchanged. Turnover rose to 936m shares from 756m on Monday. Tha hroad-hased Topix index firmed 9.03 to 2,709.98; in London trading, ths ISE/Nikkei 50 index rose 4.65 to 2.068.94.

The dollar's strength encouraged another bout of interest rate nervousness, and inves-

POLITICS reared its head in parts of the Asia Pacific region, hut did nothing for share prices in SINGAPORE. Mr Richard Hn, Finance Minister, announced an over-the-

Hn, Finance Minister, announced an over-the-counter market for regional stocks – and the Straits Times industrial index eased 3.19 to 1,333.25 in thin trading. Mr Hn did not say whether Malaysian equities would be traded on the new market. On October 27, his Malaysian counterpart, Mr Daim Zsinnddin, told Parliament in his budget speech that the Government had decided to order Malaysian companies to delist their shares from the Singa-nore exchance pore exchange.

Meanwhile, in pre-election TAIWAN, the Government managed good marks and bad. The weighted index, which gained 125.35 on Saturday before Monday's holiday, advanced another 247.18 to 10,499.58 on further talk of a share trans-

action tax rate of less than 1 per cent. However, heads were being shaken over a pre-election Nationalist party newspaper advertisement last Friday show-ing the God of Wealth, and promising "Lots of profit and a long bull run."

the announcement of poor als, Bougainville Copper said earnings on Monday. Its fall dampened interest in that its board would meet the Papau New Guinea Govern-Papan New Guinea Govern-ment today to discuss the future of its embattled copper mine, which halted production on May 15 after a local rebelthe ran campened interest in other speculative issues. Tokyo Tatemono, which was also des-ignated a "close-watch" issue on Monday, dropped Y40 to Y2,340 after gaining Y130 to a day's high of Y2,430. lion. Bougainville fell another 10 cents to A\$1.70 after a drop of 22 cents on Monday.

Bnying spread to hedges against inflation, such as the non-ferrous metal and natural

A MIXTURE of influences, including rising short-term interest rates, played on bourses, leaving vacuums to be filled hy the professionals. Only Milan, Brussels and Copenhagen were np, helped by speculative activity, unites Our Markets Staff. FRANKFURT's huyers took

a rest, and traders with stock on hand took their profits. The FAZ index fell 11.82 to 636.77 and the DAX 27.44 to 1,503.85 - but this last was after a 7.2 per cent rise in the previous five days, which stradiled the opening of the Berlin Wall. Prices ware marked down

across the board. Among hue chips, Siemens lost DM6.50 to DM580.50, Dentscha Bank DM14.50 to DM668 and Daimler DM19 to DM663. Volume fell from DM9.7bn to DM6.1hn.

Some of the perceived benefi-ciaries of East/West rapprochement saw higger corrections. Among construction stocks Hochtief, which had climbed DM148, or 18 per cent, over four days, fell DM40 to DM980. Among retailers, Asko dropped DM35 to DM780 after its DM73 leap on Monday.

Chemicals, which had not risen as fast as the market, were only moderately lower, Bayer by just 80 pfg to DM280. PARIS featured a sharp drop

resigned. Eurotunnel closed increase in the dividend.

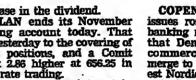
FFr7.15 lower at FFr45.60.

by a rise in money market rates, which followed a slight weakening in the guilder against the D-Mark.

Fears that official interest rates would rise again in West Germany, pushing up Dutch rates, ware seen as a short-term dampener on sentiment. The CBS tendency index lost 0.7 to 178.8, in continued low volume worth Fi 424m, the US retail sales figures coming too late to lift the market. Unilever, viewed as defen-

sive after its strong third-quarter earnings figures, gained Fi 1.20 to Fl 149.0.

NMB-Postbank rose 10 cents to F144.20 after forecasting a 10 per cent rise in net profits this year and an 18 per cent



De Banedetti companies on speculation that the group's French holding company.

profit-taking tipped it off a high of DKr317, while its proposed merger partner, Danske Bank, rose DKr11.50 to DKr391.50. The bourse index

gained 4.03, or 1.2 per cent, to ZUBICH saw firmer short-term interest rates and the Crédit Suisse index fell 7.4 Ciba-Geigy fell SFr120 to SFr3,630 and Holderbank dropped SFr125 to SFr5,850 after reiterating its forecast of

Petrofina gained BFr600, or 5 per cent, to BFr12,500 on volime of 14,500 shares. Wagonsbetter results in 1989. Brown Boveri bearers dropped SFr100 to SFr5,120 after its interna-Lits, the leisure and travel group, rose BF1200 to BF18,200 after reporting a 41 per cent rise in first-half net profits. tional operation, Asea Brown Boveri, went intercontinental

COPENHAGEN financial with a \$1.6bn bid for Combus correntiation of speculation of banking mergers, before news that Denmark's two biggest commercial banks plan to merge to form the second larg-est Nordic bank. Active trading took Copen-hagen Handelsbanken up DKr10.60 to DKr312.60, after nordit.taking timed it off a tion Engineering of the US. MADRID watched the gen

eral index drop below the psy-chological 300 level, closing 1.23 lower at 299.24. Asland, the construction stock, fell 12.5 points to 960 per cent of par on disappointment over its 25 per cent increase in pre-tax profits. STOCKHOLM retreated in light yolume after a rise in

interest rates. The Affárs-världen General index fell 28.6, or 2.3 per cent, to 1,190.5 in turnover of SKr231m.

Atlas Copco, the engineering company, lost SKr10 to SKr280 after announcing a rise in nine-month earnings below expectations. Volvo free B shares fell SKr13 to SKr445

before the company's results, due today. HELSINEI also suffered from interest rate rises, with the Unitas all-share index of 9, or 1.4 per cent at 625.4 in thin

<u>1990 Warning to Investors</u>

Volumes were low, but esti-mated at a little above Mon-day's FFr1.5bn because of Eurotunnel. The OMF 50 index fell 2.57 to 496.03. AMSTERDAM was worried

MILAN ends its November trading account today. That led yesterday to the covering of short positions, and a Comit index 2.86 higher at 656.25 in moderate trading. There was some interest in

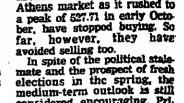
Cérus, would sell off its remaining stake in Société

Générale de Belgique. Cir rose L170 to L5,030 and Cofide gained L147 to L5,010. BRUSSELS advanced, with the focus on oil group Petro-fina, which rose in heavy trad-ing on speculation of Kuwaiti stake-building. The cash mar-ket index added 69.92, or 1.1.

per cent, to 6,461.86.

tions, which they contribute to and operate. A compromise involving letters of guarantee from the securities firms is under consideration, but a **Professionals find some room for manoeuvre** 

Greece Athens general index 550 2022 202 2022 450 ......





Wednesday November 15 1989

tors were keeping a low profile before the release of key US economic figures this week.

However, the consensus was that an increase in the official discount rate had been more or less discounted, given the high

level of short-term rates. Late gains were driven by index buying and by news that life insurers would increase their special fund investments in equities.

Wakachiku, a medium-sized construction company, plum-meted Y500 to an intraday low of Y3,250 before closing Y440 lower at Y3,310 on rumours that a group of speculators that had been chasing the stock was unable to pay for shares it had purchased. Wakachiku's price has more than doubled in the past six weeks doutnied in the past six weeks on talk of share-cornering by the group. As late as yesterday morning, Wakachiku spurted to a record high of Y3.800. The sharp rise in its price

and trading voluma had prompted the Tokyo Stock Exchange to designate it an issue to be closely monitored. Wakachiku was also hit yesterday by profit-taking, following

ource stocks. The strength of the gold price also lent sup-port to such stocks, with Mitsubishi Metal up Y60 at Y1,260 and Sumitomo Metal topping the actives list with 47.3m shares, up Y24 at Y759.

Steels and utilities helped the OSE average in Osaka to post a second record high of 36,936.28, np 56.83. Turnover more than doubled to 143m change from 65m on More 143m shares from 66m on Monday.

Roundup

THE REGION found more features to move on yesterday, although some initiatives provoked very little response. AUSTRALIA saw a leap in gold shares, a threat in base metals and another move in a long-running takeover saga. None of that did much for the All Ordinaries index, which closed 0.7 higher at 1,633.7. Turnover improved a little, to 102m shares and A\$179m from

72m and A\$148m. The gold price climhed again, hy about US\$8 to US\$392.70 an ounce, and the gold shares index rose 52.1 to 1,795.0. However, in base met

A third, A\$1.85hn hid for Industrial Equity was led by Adelaide Steamship. Founded by Sin Board Physics Founded hy Sir Ronald Brierley, IEL owns Woolworths, Australia's in Eurotunnel in busy trading, second biggest retailer, and a which swelled turnover on an number of other significant otherwise very quiet day. The market weakened as the Ger-man-related appeal of building holdings. The A\$2.25-a-share offer lifted the stock by 9 cents to A\$2.25 on turnover of 1.6m material and consumer stocks shares, but Adsteam fell 8 lost its edge.

cents to A\$7.26. A rival bidder, Corama, is still trying to arrange financ-ing for its proposed offer of A\$2.40 a share. Eurotunnel had been moving steadily lower, when a rumour that a large French institution planned to sell its stake hit the market, sending the price from.

NEW ZEALAND firmed in NEW ZEALAND firmed in light trading, the Barclaya index closing 8.66 higher at 2,085.47. Brierley added 1 cent to NZ\$2.13, while its interna-don, which was then joined by Example a light from Lon-don, which was then joined by tional investment unit, Indus-trial Equity (Pacific); added 1 shares changed hands in all, or more than 1 per cent of the HONG KONG saw the Hang Some control of the sales of the sales of the source that 1 per cent o cent to NZ\$2.53. HONG KONG saw the Hang Seng index advance 13.25 to 2,779.58 in light turnover, led by Hongkong Bank which put

SOUTH AFRICA

A FAIRLY steady bullion price A FAILLY steady builton price pulled Johanneshurg gold shares higher, with the JSR Gold index rising 41 points to 1,990 near the close.

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**FT-ACTUARIES WORLD INDICES** 

John Kumber of anosis         Dollar         Change         Starting         Currency         Y is local         Dollar         Barling         Currency         High         Low         Response           Australia (85)         148.46         + 0.0         139.29         125.23         - 0.2         5.32         148.50         139.86         125.48         160.41         128.28         147.7           Australia (15)	NATIONAL AND REGIONAL MARKETS		MON	DAY NOVE	NØER 13 1	989		FRIDAY	NOVEMBER	10 1988	DC	LLAR INDE	έx.
Austria (19)	Figures in parentheses show number of stocks per grouping	Dollar	Change	Sterling	Currency	% local	Div.	Dollar	Starling	Currency			Year ago (approx)
Austria (19)									139.65	125.48	160.41	128.28	147.79
Canada (122)       144.52       +0.3       140.25       126.40       +0.1       3.21       149.11       140.23       128.28       154.17       121.46       121.46       121.46       106.35       148.7         Finland (26)       121.16       -0.6       113.86       109.41       -0.3       2.58       122.09       114.461       106.78       159.16       121.81       129.49         France (127)       130.72       +0.0       122.49       +0.0       2.67       130.73       122.94       144.61       108.75       158.94       125.57       150.03       129.59       160.55       140.33       140.35       165.32       +0.2       145.75       152.55       186.59       165.37       140.35       165.32       +0.2       145.70       153.15       +0.4       2.99       154.96       145.75       152.55       186.59       125.00       125.5       186.59       125.05       186.59       125.05       186.59       126.40       128.19       149.39       182.49       174.97       60.57       125.25       128.20       124.25       128.20       124.25       128.20       128.20       128.29       128.41       128.19       128.29       128.20       128.29       128.20       128.20<	Austria (19)										172.22		96.98
Denmark (36)												125.58	131.88
Finland (25)       121.16       -0.8       113.66       109.41       -0.3       2.56       122.06       114.61       100.76       150.76       121.16       122.17       102.46         West Garmany (96)       98.06       + 2.4       91.96       94.87       + 2.3       2.17       95.73       90.03       92.72       103.94       112.57       109.66       85.1         Ireland (17)       116.62       + 0.3       109.62       117.23       -0.3       4.86       117.21       110.23       117.56       124.55       128.56       125.55       128.56       125.55       128.56       122.00       129.5       128.5       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55       128.55 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>154.17</td><td>124.67</td><td>116.10</td></td<>											154.17	124.67	116.10
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France (127)											159.16	121.18	129.49
West Garmary (#5)													109.65
$\begin{array}{llllllllllllllllllllllllllllllllllll$							2.17	95.73		92.72	103.84		85.14
Ireland (17)										117.56	140.33		104.35
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Ireland (17)						2.99	154.98	145.75				129.59
Japan (455)	Italy (97)												83.92
Malaysia (36)	Јарал (455)												182.39
Mextoc (13)	Malaysia (36)						2.63			201.80			138.45
Netherland (43)							0.62	290.31		835.73			168.38
New Zealand (18)	Netherland (43)						4.48	123.46	116.11	118.39			
Norway (24)					67.67	+0.3	5.22	74.59	70.15	87.47			
Singapore (26)       157.34       -0.1       147.59       142.19       +0.0       2.08       157.53       148.15       142.21       170.62       124.57       119.4         South Africa (60)       166.43       +0.4       156.12       142.39       +0.9       3.97       165.84       155.96       141.06       167.61       115.35       121.65       124.57       119.4         Swedeen (35)       173.01       -0.3       162.29       165.83       +0.2       2.07       173.61       163.27       185.52       168.94       138.45       131.2         Switzeriand (64)       85.62       -0.2       80.31       87.10       +0.1       2.17       85.75       80.64       87.05       94.16       87.81       83.82         UsA (548)       137.96       +0.1       134.20       -0.2       4.54       142.98       134.47       134.47       134.41       133.28       138.1       USA (548)       146.29       137.80       146.29       112.13       109.2         Europe (996)       124.22       +0.5       118.52       118.69       +0.4       3.54       123.83       116.27       118.21       132.95       112.03       109.2       124.57       112.13       109.2					163.40	+0.8			162.18				
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Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987 Latest prices were unavailable for this edition. Beloien market closed November 13. Constituent changes 14/11/89: Deletion: DRG (UK). The market lisation of Norske Skogindustrier(Norway) has been increased following a merger and change in foreign ownership restriction:

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by Hongkong Bank which put on 5 cents to HK\$7.15. SEOUL was disappointed by government measures to boost the weakening aconomy and the composite index lost 15.72 to 909.60 in heavy trading. MANILA hit another all-time high as its composite index rose 10.89 to 1.392.87.

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## SECTION III **FINANCIAL TIMES** Travelling on business has been one of the growth sectors of the travel industry in the past decade. But fears about recession

are causing concerns about the future. David Churchili reports on the pressures of business travel and its prospects in the 1990s

## Concerns over growth

INTERNATIONAL hotels and airlines are beginning to become concerned that the rapid growth in demand during the 1980s by the world's busi-ness travellers for airline seats and hotel bedrooms could be bit if companies activity superth hit if economic activity growth slows down in the early 1990s

slows down in the early 1990s or even turns into recession. "The past year has been one of the most buoyant ever for business travel," points out Mr Colin Rainbow, commercial director of Pickford's Business Travel. "But there is no doubt of the concern by suppliers of business travel services of the impact of a UK or world

simp." After several years in which business travel has emerged as the most important part of the travel, lodgings, and hospital-ity industries world-wide --with expenditure of over £200bn at a conservative esti-mate - the question is clearly of more than academic impor-

tance. The organisers of the World Travel Market exhibition, which starts on the November. which starts on the November. 28 at London's Olympia exhibi-tion halls, point out that bush-ness travel accounts for at least one-third of all travel and tourism expenditure worldwide. Moreover, the organisers

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history. Leading international hotel chains, for example, now find that business travellers account for over 60 per cent of

pency. Airlines have also come to recognise the importance of the business traveller: it has been calculated, for example, that a full Club World business

class section on a British Airways flight to New York alone would make the flight profit-

#### **Business travellers** account for over 60 per cent of hotel

able - even if both economy and first class seats were empty. Such economics more than

justified BA's £25m expendi-ture on revamping its business class services last year, a move

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say that a record number of business travel suppliers will be exhibiting at the trade fair than ever before in its 10-year

their occupancy, a significant rise on a decade ago when business travellers accounted for under 50 per cent of aver-age international hotel occu-

ness travellers were still being forced to share aircraft cabins with squalling children and laid-back tourists. Now the

tional telephone calls from the cabin of a Jumbo jet at 30,000 feet, for example, will increasoccupancy ingly be seen as an essential part of international business

work.

travel in the 1990s. Yet the business travel industry is not simply about those executives who jet set to New York and back in a day on Concorde. The bulk of business

NAMES AND AND A STREET AND A ST

Being able to make interna-



Boeing 747-400s, on the pre-delivery line at Everett, Seattle; this new version of the Jumbo has a flight range of 8.000 miles

### NESS TRAVEL BUSI

that forced most other interna-tional carriers to follow suit. Yet a decade ago many busitravel is carried out on a more mundane level: virtually all employees at a managerial or executive level within compa-nies travel at some time on company business.

Most often this will be via a train or company car and the type of hotel used will be a more modest affair than Clartrend is to pamper the execu-tive not only with his or her own compariment away from tourists but, increasingly, to idges or the Savoy. In fact, fast-est growth within the botel industry is seen in the midgive business travellers greater control over their environment - eating when they want to, for example - as well as acknowledging the demands of price sector - such as Marriott's Courtyard hotels or Holiday

Inn's Garden Court. Both these budget-value chains have proved a success in the US and are being intro-duced into the UK and continental Europe.

But while business travel of any type often seems glamor-ons to those back in the office or at home, most surveys of frequent travellers on business show that stress is common. The Hyatt hotel chain, for example, surveyed 700 interna-

tional travelling executives earlier this year and found that while many found travel stimulating, at least in part, most were of the belief that the only certainty about business travel was that "something will go WIONS."

The survey found that most travellers became stressed as a result of losing their individual corporate status. "Travellers relinquish office status for anonymity among the mass of other business travellers," the "Stress is seen as a reaction

to separate, isolated circumstances such as airport crowds, airline or hotel mishaps, or the separation from home or fam-

ily," it adds. The report pointed out that the only way to overcome such loss of individuality when travelling was to take on the trap-pings of importance, such as flying first class, having a per-sonal himousine, and staying in expensive hotel suites.

Surprisingly, however, the survey found that frequent business travellers were no better at coping with the stress of travel than infrequent travellers.

Another survey, by Pickfords Business Travel, of UK execu-tives found that most believed it was important to their companies to minimise stress while panes to minimise stress while travelling - yet the majority also felt their companies were not doing enough about travel management to relieve stress. "The travel agent had backed mage the great had

booked me on the wrong flight, leaving me stranded in Jamaica when I should have been in Puerto Rico," commented one executive.

Improved travel management is likely to be one of the areas of most corporate inter-est in the 1990s as the benefits of controlling business travel costs become more apparent. American Express, for examCONTENTS

C Motels	3	Car Rental	
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Birmingham     Travelling Gadgets	6	Businese Travel Agents	14
🗆 Sydney 🗆 International Payments	,	C London	15
Artines	8,9		
New York	10	Agency implants	17
Toronto     Businesswomen	11	Editorial production: Phillip Halliday	

ple, has calculated that some 220hn will be spent this year by UK companies on business travel yet it points out that companies are only gradually putting in proper management controls (often with American

Express's help). American Express points out that business travel costs are part of a cycle of activity: this starts with planning travel, including policy objectives; physical arrangements of the trip and the travel itself; payment; reviewing the cost; and reconciliation of the costs.

Mr John Donaldson, director of Thomas Cook's corporate travel division, also suggests that unless the business climate improves markedly, com-panies will continue to focus on expense containment. "This is likely to increase the demands on us to provide additional in-depth management information," he says.

One issue of concern to busi-ness travel agents is the ramifi-cations of the introduction of computer reservation systems to book airline seats. The idea of these systems is

that they offer the best travel arrangements for individual travellers without favouring one airline over another. Unfortunately, not all airlines belong to the same system. Thus Galileo, of which British Airways is part, has not yet secured the participation of leading airlines such as Cathay Pacfic, Quantas, and Northw-est. This means that some international airline bookings have to be carried out through two different computer

Business travel is not simply about those executives who jet-set to New York and back

systems, incurring potential problems if alterations to schedules have to be made or if

flights are missed. Mr Alan Spence, chairman of the Guild of Business Travel Agents, says that "the new

computer systems offer a reat prospect of improving further the efficiency of business travel booking, but we shall want to be satisfied that what is provided traly meets the customers' needs." He adds: "This could mean

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that when a non-Galileo carrier is used in addition to British Airways the total booking could be in the other airline's system and not BA's."

This squabble over reserva-tions systems, however, ie expected to be sorted out shortly, since the importance of computer technology in both the airline and hotel industries

is becoming paramount. The benefits of an international chain of business hotels is part of the reason for the scramble in recent years to bny world-wide botel chains. bny world-wide botel chains. Bass recently added the Holi-day Inn operation in the US to the Holiday Inns it owned in the rest of the world to enable it to provide a truly interna-tional service with the world's largest hotel chain.

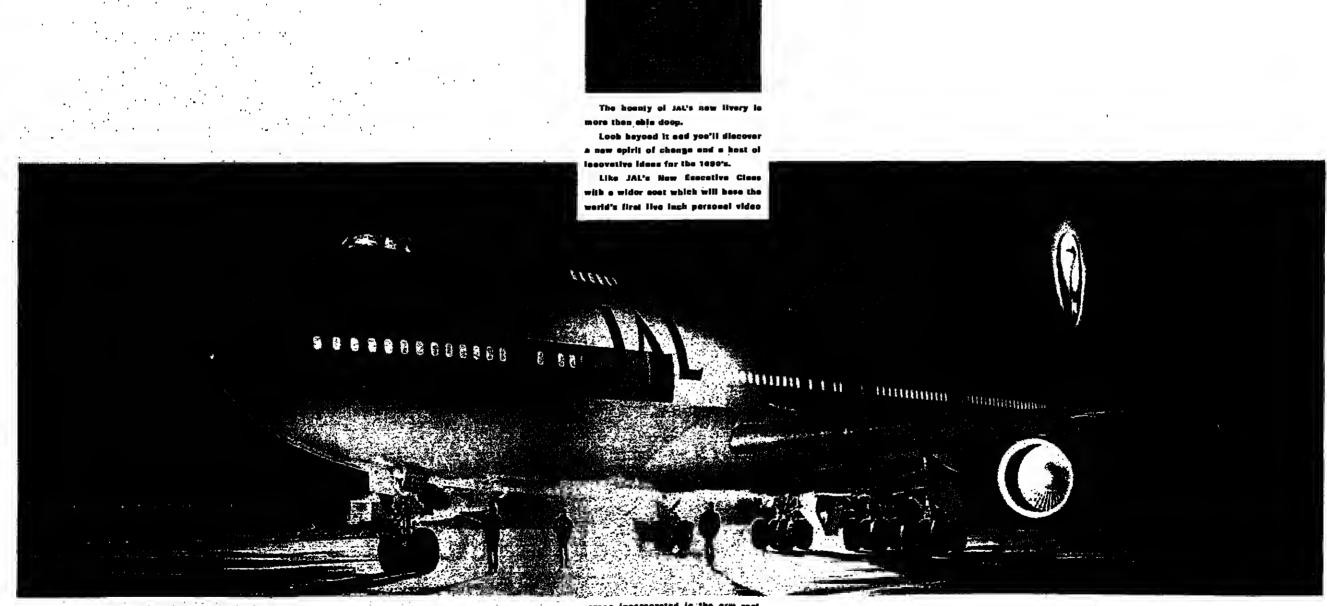
Holiday Inn's satellite computer reservations system, in fact, is said to be the largest use of such a satellite system outside of the US Department

of Defence. Although the state of the world's economy is clearly a large determinant in the future for business travel in the next decade, there are other factors which should mitigate the effects of any downturn. The creation of the European single market in 1992 will clearly lead to more business travel within the European Community.

Moreover, the opening up of eastern Europe is leading to a increase in business travel. Already a clutch of leading botel chains are developing business hotels in Poland, Hungary, and Moscow to meet the demand.

As the world's economies become ever more integrated, and the ability to travel becomes both cheaper and easier, then business travellers in the 1990s will increasingly be wooed by a travel industry anxious to win their custom.

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A philosophy thei makes a world ol dilforesco.





"Where do I check in?" "I've left my ticket in the taxi." "Which gate is my flight?" "My luggage has gone through and I need something from it." "My car's outside on double yellow lines." "I think that's my plane taking off." "My canary's escaped." "Can I get a coffee around here?" "I can't do my zip up." "Can I get into New York by helicopter?" "What time do we get there?" "Just how wide are the seats?" "Do they have nappies on board?" "Where do I get a newspaper?" "Do they sell Russian vodka in duty free?" "Where's the Ladies?" "Where's the Gents?" "Where have all the trolleys gone?" "Is the Pink Poodle Club on 48th Street or 49th?"

"I need an aspirin." "Kann ich am J.F.K. Flughafen direkt zum Flug nach Chicago umsteigen?" "Where's the Ambassador Lounge?" "Do I need a Visa?" "Can I take these as hand-luggage?" "Can I change to a later flight?" "What do I do now?" "I have to phone my wife." "Is there a phone anywhere?" "Είναι ο Πήτες Άιζντελ-Κάρπεντες εκεί?" "Anybody got a pen?" "What time is it?" "Is New York ahead or behind?" "Can I hire a car there, from here?" "Is it sunny in Los Angeles?" "Will my hair dryer work in Minnesota?" "I can't find a porter." "My aunty's gone missing?

"Does my camera have to be X-rayed?"

"I've just noticed my passport's

out of date."

"Can I order a special meal?" "I can't find my boarding card." "What star sign is the pilot?" "I need to send a fax." "Is there a wheelchair somewhere?" "Is there a lift?" "Do I have to be X-rayed?" "Please, somebody." "Which way now?" "My seat's supposed to be reserved." "Will they wait for me?" "Can I change my money here?" "What's going on?" "How many bags am I allowed?" "What's the code for Dayton, Ohio?" "Is it too late to order a kosher meal?" "What escalator?" "Can I leave my rented car keys with someone?" "Maybe someone will change seats with me?"

"Will we all be able to sit together?"

"Do we get to see where the pilot sits?"
"What happens if it's full?"
"Where can I get an oil filter for a 1965 Hillman Imp in Chicago?"
"Do they take traveller's cheques in duty free?"
"Where's the London desk?"
"What do I do with this?"
"Can I go through to the Departure Lounge now?"
"Where is the Departure Lounge?"
"They've put the wrong name on my ticket."
"Can I get a bassinet for my baby?"

"I'm looking for some string."

"Will they have any dominoes on board?"

"Are there any seats in non-smoking?" "What's for dinner in First?"

"What film are they showing?"

"Is there a nice restaurant in Toledo?"

"How do I get into town from JFK?"

"My case is too heavy"

"How far is Philadelphia?"

"Is it on time?"

"Can I change this non-changeable ticket?"

"Can I choose my seat after I get on board?"

"I'd rather sit at the back of the plane."

"Can my son sit in the cockpit?" "Is it too late to change my flight?" "Is it too early for the bar?" "Will there be any film stars in First Class?" "Who won last night's ball game?" "I didn't hear that."

"Is it are not my wife's ticket here to pick up. ¿Qué?"

"How do I make my connection in New York?"

"Help!"

# TWA give you someone to buttonhole

We've been listening to some of the questions that get asked at the airport. (See above.) And having listened, we've come up with an answer In fact, a whole host of answers. The TWA 'White Coats'.

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A team of young men and women whose job it is to be on hand at our Heathrow and JFK terminals looking for problems. Your problems. (See above.) So now if you find yourself waiting for one of our 6 daily flights to the USA, and your passport disappears, or your mother-in-law needs some elastic in a hurry, you know who to turn to.

The person in the white jacket. With the red carnation in the buttonhole.



### **BUSINESS TRAVEL 3**

Eastern Europe is attracting the attention of the world hotel chains, reports David Churchill

The battle for market share intensifies

BUSINESS TRAVELLERS to Eastern Europe, who have spent years putting up with less than ideal hotel accommodation, can now look forward. to a significant improvement in standards.

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Leading international hotel chains are scrambling to take advantage of the thaw in East-West relations and are planning to open new hotels in cities throughout eastern

Europe. Marriott claimed to be the first international hotel chain to set up behind the Iron Cur-tain when it opened the 520-room Warsaw Marriott late last month.

The 41-storey property is the tallest hotel in Poland and was built as a joint venture with an Austrian construction com-Dany.

Marriott will not be alone in eastern Europe for long. Hyatt's first hotel in eastern Europe is due to open in January while Sheraton and Pan

The demand for hotei accommodation in the 1980s has led to a

large restructuring of ownership among the leading players

American World Airways have linked up to build a Sheraton hotel in Moscow, opening in 1992

This interest by the world hotel chains in eastern Europe is not an isolated example of their expansion plans. Europe has been clearly targeted for some time as one of the important growth markets for busi-ness travel.

The problem, however, has been one of a shortage of sup-ply of top quality hotels rather than any lack of demand for hotel beds.

This position applies not only to Europe but also to the Pacific Rim countries where new luxury hotels are being built and existing ones upgraded. Hotel operators see demand

for international hotels grow-ing rapidly as a result of sevincluding the further deregulation of international airlines and a significant increase in airline

way (part of the Savoy group), Chewton Glen in Hampshire, Shieldhill near Biggar in Lan-arkshire, or the Royal Berk-A BUSINESS conference can all too easily conjure up the image of a stark modern hotel with a vast airless lecture room; cordoned off eating shire at Ascot. But the bulk of the business is handled by dozareas; bundles of documents; all the cheerfulness and excitement of an army training course. It need not be so.

have gathered together in mar-keting groups, such as Pride of Britain, with 32 hotels: Belais & Chateaux with 15; or Pres-More and more companies are slipping off for brainstorming sessions at pretty Cotswold hotels, or remote Scottish tige with 48 members. Not all the hotels in these groups make a big play for cor-porate business. Some, such as Hambleton Hall in Rutland, are too small. But another Relais & lodges, or grand manor houses. Country house hotels are increasingly exploiting the business market, promoting Chateaux participant, Hintle-

**Country house hotels** are increasingly

fleets as new generations of aircraft are built. Moreover, rising standards of living in most western coun-tries will also encourage inter-

national tourism, as will efforts by the Japanese govern-ment to boost the numbers of its nationals travelling abroad. International tourism is forecast by the World Tourism

Organisation to grow by 4 per cent a year until the end of the years. centur Most important to the international hotel chains, however, are business travellers who

ens of privately run hotels that

sham Hall in Suffolk, is keen to

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all hotel occupants worldwide, according to Horwath and Hor-wath hotel consultants. The demand for hotel accom-

modation in the buoyant eco-nomic markets of the 1980s has led to a large restructuring of ownership among the leading

players. UK companies in particular have become the main participants in the industry in recent

The Bass brewing group, for mample, has over the past two years gained control of virtu-ally all the Holiday Inns hotels worldwide - most recently by account for some 53 per cent of

linns in the US to add to those outside the US it acquired two vears ago. Ladbroke Gronp is also a leading player, with its control of the Hilton International

group Grand Metropolitan had been another leading UK hotels group with its Inter-Con-tinental chain, before deciding to sell it last year to the Japa-ness conglomerate Selbu Saison. Selbn subsequently sold 40 per cent of Inter-Continental to the Scandinavian Airlines System airline.

executive, said that "by linking the airline with hotels we are

comes from the small meeting

market. Ms Jill Faulds of Pres-

tige maintains that the country house atmosphere encourages

relaxation after a hard days discussion and that women

executives in particular feel more comfortable in that envi-

ronment rather than in a city

centre hotel.

next decade, especially as a result of the sophisticated hotel and airline reservation systems being developed.

with computers but with increased efforts to woo the frequent business traveller to choose one international chain over another.

The Best Western group, for example, this year brought in its Gold Crown Club for fre-

just bed and breakfast, but it includes facilities for small

conferences. In contrast, another Prestige member, Mid-

diethorpe Hall near York, has built a separate conference wing, which detaches its busi-

ness guests from passing tour-

They both accomm

The leading hotels slanted

can be redeemed, among other things, for accommodation in any Best Western hotels. In the UK, moreover, Best

Western's botel guide for the first time features a set of criteria to identify hotels particu-larly suited to business travel-lers and meetings and

conference organisers. Not all hotel groups, bow-ever, believe in offering special business floors for executives. "All accommodation et Regent

The pool, much requested by conference organisers but little used, is in addition to the all-weather tennis courts and cro-

quet lawn. It offers a purpose-built conference suite, three syndicate rooms and an elegant board-room. Over half its turnover comes from conferences, with companies such ICI and the leading banks and oil companies paying £9,250 a day for

exclusive use. The Lygon Arms entertains businessmen et the weekends. Lawyers and financial whizz-

**Country house hotels** cannot handle vast

hotels is built to deliver to the needs of the business travel-ler," points out Mr Michael Mattbews, vice president of marketing for Regent International Hotels.

that the business traveller requires a somewhat different hotel from the tourist traveller - our rooms all feature a business desk, computer outlet, two-line telephone with hold button, and so on," he adds. Inter-Continental in the UK, bowever, is going all out to woo Japanese business travel-

**Continental in London's Gros** venor Square has added a range of products and services tailored for the Japanese visitor. These include an information pack in Japanese with a personal welcome in Japanese on arrival by the guest rela-

hotel chains are **business** travellers who account for some 53 per cent of all hotel occupants worldwide

papers, a Japanese restaurant within the botel, and a traditional Japanese breakfast

The real problem for botel chains is simply in making their sppeal different to that of their competitors.

Most chains offer all the conventional services of a business centre and in-room facili-

Those that are most success ful, bowever, are the hotels that manage to get the mix right - especially efficient service at the right price.

"It is obvious that today's business traveller more than cver seeks hospitality, a welcome, and genuine comfort," says Mr James Bowie, chair-man of Best Western in this country.

"What he or she plainly dislikes, yet often has to accept, is anonymous, standardised bed factories."

There is the problem of being away from headquarters - some directors fidget when they are distant from the action. Claustrophobia can set in if the weather is bad and personality traits reveal themselves in a hot bouse etmosphere. London, and big cities,

The smaller country hotel has a lot to offer the business traveller

## **Room for pastoral brainstorms**

centrated work, and that sport caments relationships between He numbers Unigate and BUPA among satisfied clients. "We are nothing to do with purpose-built conference can-

buyers and sellers. The hotels usually provide secretarial help, dispatch chauffeurs to collect train trav-elling guests, provide full con-ference and manual and holicon tres. We offer a personal relaxed service, enabling guests to think in comfort, farance equipment and helicop-ter pads. They can be hired for the day, or they can be given over exclusively to the confersays Mr Yeo. He gets about two-thirds of his turnover from the business market, which has the inestimable advantage of being non-seasonal and concentrated into the middle of the week. This leaves the

Mr Michael Yeo, marketing service select conferences. The service offered is usually ery similar. The hotels are

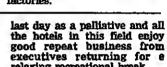
ntal's Britania Hotel (left) is offering services for the Japanese business traveller. Holiday inns (right) mostly owned by Bass paying £1.28bn for the Holiday

separately owned company, although reportedly up for sale to a buyer with at least \$3m to spend. Ladbroke has said it is not interested in huying the chain but would be prepared to manage it if acquired as an investment by a financial

Such links between airlines and botel groups will become a more common feature of the international industry in the



quent travellers, giving points to guests according to every dollar spent in one of the group's hotels. These points



relaxing recreational break. Meetings in country house hotels can obviously be very enjoyable: whether they are commercially effective is another matter.

offer greater opportunities for

entertainment. This business is the hotels love it. It eliminates the seasonality of their trade and many have gone to great lengths to make executives welcome. It is an alternative which can be easily tested: the main problem is one of choice.

hotels outside the US. Hilton Hotels in the US is a

group.

e week. This

The UK brewing and leisure

Mr Jan Carlzon, SAS chief

taking a major step towards our goal of making it easier for the frequent business traveller to do good business."

The real battle to win mar-ket share will be fought not

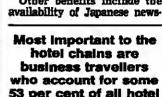
Prestige estimates that out-side of the summer period half from the big conference ven-of its member hotels business ues. It is unusual in offering

III

"Our research has shown

lers. The Hotel Britannia Inter-

tions officer. Other benefits include the



#### exploiting the **business** market

their relative seclusion, home comforts, their relaxed atmo-sphere, as the ideal setting for a corporate strategy think. Country house hotels cannot handle vast numbers. Their

market is more selective; the directors of the board, or a few top managers from one company, or a gathering of chief executives across an industry. There are individual hotels

reminent in this market such as the Lygon Arms at Broad-

01

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runs his own 12-bedroom hotel at Esseborne Manor, near Andover. He can take 18 invariably in an attractive setting and often have a romantic history. They stress creature guests, offers flipcharts, fax, video, etc, plus tennis and crocomforts and personal cosset-ing, but also the opportunities ng, but also the opportunities for sport in the immediate neighbourhood. Many have tennis courts in the grounds, adjacent clay pigeon shooting, golf just around the corner, or quet on the premises. He gets most of his business from commost of his business from com-panies within a 50-mile range in the prosperous silicon valley area along the M4. The hotels have a day rate of £24 a person and an inclusive 24-hour charge of £112, including five-course dimen a trout stream at the end of the zarden They can usually lay in more

enotic refinements, such as bal-loon trips or war gaming. There is a feeling that top bush-nessmen welcome the chance course dinner. Mr Yeo says that a Pride of Britain hotel would become the exclusive terrain of a business group for about £4,500 a day. to unwind after a day of con-

However, Prestige includ La Fenja, a London city centre hotel in its membership. Its hotels free at weekends for traditional holidaymakers.

**PROFILE:** Mandarin Oriental

## A wealthy theme tune

THE TOP business hotel in the world, according to readers of the Institutional Investor mag-azine es well as Business Trav-

azine es well as Business Trav-eller, is the Oriental in Bang-kok, part of the Mandarin Oriental Hotel Group. The Oriental's sister hotel — the Mandarin Oriental in Hong Kong — comes fourth in the Institutional Investor poll and third in that run by Business Traveller.

third in that run by Bushess Traveller. These hotels are the flagship of a group which has had to come to terms not only with the abort-term impact of the events in China this summer but also the longer-term conse-quences of the British govern-ment relinquishing control of Hong Kong in 1997. Mandarin Oriental is part of the Hong Kong-based Jardine Matheson group, one of the Grown colony's most influen-tial companies and fitting own-ers of some of the most exclu-sive hotels in the world.

alve hotels in the world. Although the Oriental in Bangkok has been the haven of wealthy travellers for more weathy travellars for more than a century, it has only been managed by the Manda-rin Oriental group since 1975. The Mandarin Oriental was opened in 1963 in a rather unprepossessing building on

Hong Kong island, with 545 rooms and suites and three top-class restaurants. The hotel has just been refurbished at an estimated cost of HK\$100m (Salm), involving remodelling the central lobby and relocat-ing the business centre. The Mandarin Oriental's international portfolio embraces some eight hotels in the Far East and the east coast of the US, with plans for expansion into India and Malaysia. The group recently signed a joint venture agree-ment with Modi Overseas Investments to find a site for a deluxe hotel in New Delhi.

In spite of its up-market image and approach, the Man-darin Oriental has been forced

We offer incentive organis We oner incentive organis-ers the ultimate reward for their group - the opportunity to stay in hotels which have consistently been acclaimed as the best in the world," says Ms Julia Camp, Mandarin Orien-tal's regional sales director. An incentive itinerary is tai-lor-made for each client com-

to follow the trend of most international chains and

embrace the incentive market.

Mandarin Oriental, however,

insists it is going for the top end of the market.

point and can cover a single botel within the group or sev-orflers exclusive "themed" par-ties. The Oriental in Bangkok, for example, transforms its res-taurant into a traditional Thai

farming village and guests

#### Mandarin Oriental is part of the Hong Kong-based Jardine Matheson group

wear village clothing Manda-rin Oriental in Hong Kong offers a Dal Pai Dong party, introducing guests to anthentic Chinese street market stalls. What makes these hotels and others in the group - so popular with business execu-tives is the sheer quality and level of service achieved on a consistent basis. Some hotels may offer a better service some of the time, but it is to the Mandarin Oriental group's credit that it can offer a high level most of the time.

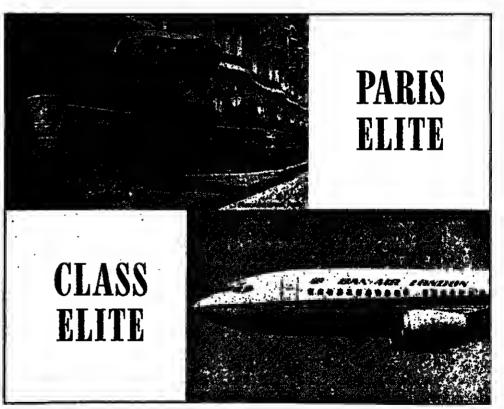
Its many supporters among mainess executives worldwide will no doubt be hoping that recent senior management changes - managing director Mr Peter Tyrie left in June to start his own European hotel group - will not harm the Mandarin Oriental group's well-carned reputation.

**David Churchlil** 

haps Chewton Glen in Hamp-shire (linked to Relats & Chanumbers. Their markel is more selective teaux) and the Lygon Arms. odate about

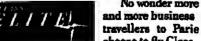
60 guests at a time and will kids, too busy during the week give exclusive use of their facilities. The Lygon Arms is to get away, arrange their brainstorming sessions on Satabout to build a health hydro, complete with swimming pool. urdays and Sundays. Often the spouse is invited down for the

Antony Thorncroft



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### **BUSINESS TRAVEL 4**

BUSINESS CITIES: post-earthquake San Francisco is winning back visitors, reports Louis Kehoe

## Damage limitation in the wake of disaster

AFTER LAST month's devastating earthquaka, San Francisco is "back in busi-ness," local officials, hoteliers, merchants and restaurant own-ers are anxious to tell the world. Hoping to avoid further economic damage in the wake of the disaster, the city is pour-ing resources into efforts to rebuild its reputation. Uotil October 17, San Fran-

cisco was a favourite destina-tion for tourists and business travellers alike. But since then, many would be visitors have svoided the city. Several con-ventions have been cancelled and hotel bookings have plun eted.

Television pictures of the damaged San Francisco Oak-land Bay Bridge, the fire-rav-aged Marina district and the collapsed Oakland freeway gave the world the impression that the entire city of San Francisco has collapsed, local in fact, most of the area's

buildings escaped serious dam-age. Few of the region's quality hotels suffered structural damage and the vast majority of restaurants were serving meals within a few days of the earthquake. Telephone, electricity and

gas services have been restored and for the majority of north-ern California companies it is

OF MALAYSIA WITH THE WORLD

"business as usual" in spite of some inconveniences. The greatest difficulty faced by residents of the San Fran-cisco Bay area, and by busi-ness travellers visiting the region in the next for weeks region in the next few weeks, is traffic hold-ups. With the closure of the Bay Bridge, travel from Oakland to San Francisco has become a big challenge.

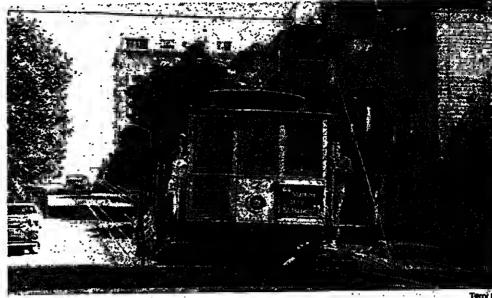
> For the majority of northern California companies it is

"business as usual"

In practical terms, this means that travellers planning to arrive at Oakland's Interna tional airport, rather than San Francisco International, must take a circuitous roote to reach the city. San Francisco airport itself suffered some damage in the quake, but is now fully operational.

Travel between the Bay area cities of San Francisco and San Jose has been made more diffi-cult by the overload of traffic diverted from damaged free-ways. However, with a little patience and careful planning, these problems can be overcome

For the business traveller



#### Cable cars: riding the ups and dow

arriving in San Francisco today, it may even be difficult to find much physical evidence that the earthquake ever hap-pened. Rebuilding and repair efforts in San Francisco are less widespread than the recon-struction that is prevalent throughout the City of London.

Many of the most hedly dam-aged areas are well outside the city - in Santa Cruz county, to the south, and in Oakland to the east. Most of San Franthe plash residential Marina, well away from the city's financial district.

Lest any visitor suspect that media accounts of the earthquake were exeggerated, how-ever, casual conversation with almost anyone who lives in the San Francisco Bay area will quickly correct misunderstandings. The most lasting effect of the quake seems to be the emo-

tional toll that it has taken on residents of the region.

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FINANCIAL TIMES WEDNESDAY NOVEMBER 15 1989

On the bright side, however, is now far easier to find a On the bright side, however, it is now far easier to find a hotel or restaurant reservation in San Francisco. Bargain prices are being offered by some of the city's top flight establishments and service providers are andous to please and reassure visiturs.

Nevertheless, fears of another earthquake are not entirely groundless. Since October 17, the region has suf-fered more than 4,000 "after-shocks." Most of these have, however, been minor shakes that would normally pass unnoticed. In reality, San Fran-cisco is less likely today to suf-fer a large earthquake than it was before October 17. Any visitor to an earth-quake-prone region — be it Greece, Merico, Japan or Calif-ornia — is wise to carry with him or her a torch with bat-teries, a couple of candles and perhaps a transistor radio — just in case. The visitor may rest assured, Nevertheless, fears

The visitor may rest assured, however, that the city of San Francisco is well prepared for all eventualities and built to withstand even large earthThat is more than many leading cities in other parts of the world can claim.

# SHARING THE GENUINE WARMTH AND CHARM



Small hotels rise above the trade clamour

**THE PHRASE "business botel"** is a bit of a pejorative these days, though I cannot think why. I can think why, of course - though the answer has less to do with business hotels themselves than with the efforts of the men and women who own and run small hotels of character, who wish to make themselves heard above the hype and clamour of the travel trade

as a whole. I actually like busine hotels. I also enjoy small, eccentric, proprietor-rum hotels in out-of-the-way places,

and the intervention of the second se different. To advocate the charms and advantages of the

equivalent of convenience food. And some of us want something else when we travel abroad."

.: It continues in this yein, asking how it can be that Bath has eight entries in the guide and Bristol none. It is unhappily the case, says the guide, that the bad - or at least the mediocre - drives

out the good. "Trusthouse Forte," it says, "has made a hoge contribution to raising the standards of hotel catering in Britain, but it is no accident that the guide lists no more than one THF

"When it acquires an old hotel, THF will containly improve its facilities, put in thaths en suite and colour televisions, and yet, again and again, its presence is a kind

The Golden Gate bridge: more traffic after the eartho

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AMMAN « AMSTERDAM « BANDAR SERI BEGAWAN « BANGKOK « COLORIBO « DELHI « DENPASAR « DUBAI « FRANKFURT « FURUORA HOU (CANTON) « HAT YAI « HONG KONG » HONOLULU » JAKARTA « JEDDAH « KARACHI » KVALA LUMPUR « LONDON « LOS ANGELES « MADRAS « MANILA « MAURITIUS » MEDAN « MELBOURNE » PARIS » FERTH « FHURET » SEOUL « SINGAPORE « SYDNEY « TAIPEI « TOKYO « ZURICH & 32 DESTENATIONS WITHIN MALAYSA.

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Michael Thompson-Noel argues that business hotels have an undeserved reputation for blandness and standardisation. "If all business travellers were fed up with big corporate hotels they would stay in little private ones, But they don't."

one, you do not have to bad mouth the other. But that is what happens, with the result that business hotels are often portrayed as havens are orten portrayed as havens of gloom: monotonou charmless, standardised, bland, money-grabbing. In the UK, for example, the Good Hotel Guide, which is published by the Consumers le, the

Association, has long waged an heroic campaign on behalf of "small hotels of character." This is why its annual list of César Awards, named after César Ritz, cover a wide range Cesar Ritz, cover a wide range of categories, some of them highly specialised. The "Shangri-La of the Outer Hebrides," for example, or "sturdy independence in doing their own thing with verve." Puzzlingly, however, the Good Hotel Guide is rather fond of making its case on behalf of small hotels of character by shapping - verv character by slapping - very hard - what it calls large business-oriented city hotels. The 1990 edition of the

The 1990 edition of the guide, for instance, which covers Britain, Ireland, western Europe, Morocco and Yugoslavis, claims that there are no good hotels in Birmingham, Cardiff, Cambridge, Leeds, Liverpool or Nottingham. Yet that is not quite what it says. What it says is that it has been asking its contributors for years whether there any good hotels in these places, and is still waiting for an answer. Perhaps there are none, But to substantiate its case, the guide then takes a powerful

guide then takes a powerful swipe at business hotels. "There are pleuty of hotels to choose from in any

industrial centre. But most large business-oriented city hotels are relatively indistinguishable one from another. They may differ in their architecture and facilities: some will have ab-conditioning and double glazing, four-posters and mini-bars, more spacious Public areas, more boutique "And of course their

hangement and service may be smart and spick and span or, alternatively, slack, snooty or sullen. That can make a difference. But however good a big corporation-owned city hotel may be of its kind, it will remain the hotel

of kiss - not of death cirtuinly - but of half-life. And the same is true about the acquisitions of all the other large chains , . . . who are in the business of catering more for customers en masse rather than the individual." This is almost entirely ufaír.

It is ridiculous to claim that however good a big corporation-owned city hotel may be, it will remain the equivalent of "convenience food."

#

A good example is the Ritz Hotel, Madrid, a THF property, which is bang in the middle of a large city and bears as much resemblance to convenience food as caviar convenience toou as cavaar to cat food. It is an excellent establishment in anyone's language distinctive, distinguished and managed with great flair and sensitivity.

Big is not synonymous with second rate. There are Hig is not synonymous with second rate. There are probably more good hig hotels than there are good little hotels. A really good big hotel is probably a better hotel in which to stay than a really good little hotel — at least for the business traveller. He is not paying anyway (and not is she), so we are not comparing like with like. Yet if all business travellers were fed up with hig hotels they would stay in little ones. But they do not. Business travellers stay in big hotels — so-called business hotels, though the description has more to do with marketing than with anything else — became at the end of the business day what they need, most of them, is something functional, familiar, and efficient.

efficient. If blandness and

anonymousness are the price to pay, they seem happy to pay it, though blandness and anonymousness are by no means the monopoly of big hotels.

hotels. As a matter of fact, it has often occurred to me that good big business hotels are often a better place in which to spend a boliday than good big holiday hotels, because they are not overran by tourists. And they are cartainly miles better than poor smail holiday hotels.

At least in my opinion.



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Mitchell: 25 years of business travel for ICI

NEVER CUT corners when

travelling on business. That is the advice of Mr Tony Patter-son, named Traveller of the Year for 1968 by Business Trav-

eller magazine. He puts the point graphi-cally: "I was travelling econ-omy class with a colleague on Pakistan International Airlines

from Islamabad to Karachi dur-

ing the month of Ramadan. People had just eaten after

fasting all day when we took off at 7 pm. Shortly after take-off, we hit some bad weather and everybody around us threw up. It was terrible. On the way back, we decided not to risk it and upgraded to first

**TRAVELLERS' TIPS** 

**Taking the lag** 

### **BUSINESS TRAVEL 5**



## Single market prompts hotel expansions

IN 1815 the poet Robert Southey found that "Brussels new 5-star Conrad Interna-tional hotel which Hilton USA has been too much modern-

ised, too much Frenchified in all respects." This is a view that many Belgians may still share but which many visitors in the late twentieth century may regard as an overstate-

One of the advantages of Brussels is that it is not too big and modern nor does it seen very French when one lands at the international airport in the Flemish commune of Zaventem where most of the staff speak Dutch.

Old-fashioned trams still criss-cross the city. Street mar-kets compete admirably with supermarkets and the general pace of life is relatively slow for a European capital. It remains a remarkably easy place to visit and to do busi-ness.

Bess. Brussels is expanding and upgrading its finities in the run-up to 1982, to handle the rising influx of tourists and

businessmen. For the past couple of years the hotel trade has been under considerable pressure. Two projects will add another 500 or so hotel rooms to the current 4,500 but Brussels will proba-bly still be short of accommo-dation when M22 arrives. dation when 1992 arrives. Place Stephanie at the top of Avenue Louise is the sits of a

In 25 years of trivelling on business for ICI, Mr Mitchell said he had visited 88 countries and seen the insides of some 230 airports, which have helped

He will never forget a trip to Nigeria five years ago on which his flight was diverted from its original destination of Lagos to Banh. He had forgotten his anti-ma-baria tableta was showned by

haria tablets, was stopped by machinegun wielding men on his way from the airport who went through his luggage and harangued him for not having entations around the

to risk it and upgraded to first class - for an extra 25." Mr Patterson, who travels widely each year providing the consultancy service for over-seas companies that want to operate in the UK, has devel-oped a list of do's and don'ts when travelling on business. His advice is for business people always to travel in as relaxed a way as mossible. He looked forward to putting the trip behind him and turned up three hours early at Kano airport, in northern Nigeria, to catch an Air France flight back

people always to travel in as relaxed a way as possible. "People say British business-men are shabby but I don't think that's true. When you are traveling, all you need is slacks and a sweater to feel comfortable. You don't want to However, when he arrived at the sirport he was told his seat was no longer available, At the end of his tether by now, he said: "I fold the French local Air France manager that if he didn't put, me, hack, on the flight I would write to all the French newspapers when I got back to Europe telling them he creased. It's better to change at the other and, especially if, you are travelling any distance." "He always considers the pos-sibility of jet lag and tries to sleep when his body tells him he should be sleeping. He cats only when he feels hungry and always has a drink at the becoming of the flight to relar back to Europe telling them he had been bribed to give my seet away." A seat was found for him shortly afterwards.

out of flights and Warsaw, amorous ladies keep ringing you np. It is straightforward soliciting and extremely irritating."

him gather a suitcase-full of anecdotes.

declared some coins they found there, and none of the ministers supposed to attend some of his pre

However, when he arrived at

· As for his favourite trip: "I beginning of the flight to relax shall never forget a trip from him. He enjoys long-haul Griffith, in New South Wales,

plans to open in 1992. in step with the new spirit of conservation in Brussels the Conrad will preserve the basic structure and face of an impos-

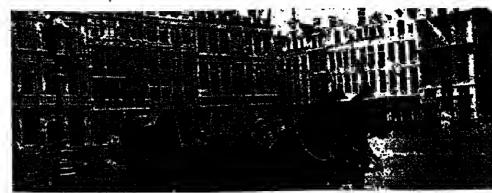
ing nineteenth century aristo-cratic residence, not unlike Albany in Piecadilly. It will be redeveloped to provide 270 duplex apariments and suites as well as offices, shops, restaurants and much needed parking space for 400 CHTS.

It is a luxury project that will give stiff competition to the Hilton up the road (sold by Hilton USA in 1967 along with other oversees hotels) as well as the Sherston. Both are in somewhat less attractive parts of town. For the Nordic traveller, the

new Scandinavian Airlines hotel which opens in January next year will provide the best service in town.

The five-star hotel, just off the Grand Place, has a gable-roofed brick facade roughly in keeping with the surrounding mish-mash of gothic and baroque buildings. Inside the hotel are 281

suites in a variety of styles from Scandinavian to Oriental as well as conference rooms, a fitness centre and restaurants. The hotel provides a comput-erised check-out service that



The Grand Place: life in Brussels can be seen as relatively slow

can be conducted on the televi-sion screen in the hotel room and best of all, a baggage dous potential for improvement

British Airways and KLM are in protracted negotiations to take a 40 per cent share in the Sabena holding company and thus ultimately strengthen check-in service at the hotel for all SAS flights. Other travellers would be grateful to reduce the time that grateril to reduce the time that they spend at Zaventem which along with the national carrier Sabena has a less than excel-lent reputation for cordiality and efficiency. The airport, built for the World's Fair in 1958, was designed to comfortably accommodate about 600,000 passeners a wear. More than their control over the facilities at Zaventem. BA is optimistic shout a deal in the near future, but it would be another couple of years before any significant improvements will be seen at Zaventem or in Sabena's once past the gate at Zaven

passengers a year. More than 7.5m passengers a year now pass through Zaventem's ter-minals. It is one of the drearltem, transport to and around Brussels is fairly quick. Merch-fully, Brussels does not sprawl and traffic is not yet as crip-pling as in London or Paris. That has meant quick commuest airports outside eastern Europe but one with tremen-

Alongside the exhibition centre is a large new entertainment complex known as Bru-parck which is a kitsch medieval village with restau-rants, shops and a mini-Europe series of models of buildings and monuments from across the Community.

Not far off is Oceadium, an enormous swimming pool com-plex with slides and artificial waves. In the same area is Kinepolis, a temple to the cin-ema world that will eventually house 27 movie theatres, 16 are already open.

In any other country such an enormous complex would incorporate a large hotel but the only accommodation is to be found at the somewhat modest two-star Fimotel with 160

Over the next few years this may be expanded to ebout 280 beds but the lack of large hotels of Heysel pays tribute to the relative ease with which you can get from the centre of Brussels to the outskirts by underground or car.

There's not much point in staying near an imitation of a baroque Beigian town when you can stay in the real thing. One can only hope that in the run-up to 1992, Brussels remains as small and manageat least one-third geared to international commerce. able as it has been in recent VEALS\_

The businessman who eats well stays hungrier.



"Right Fortescue," said the Choirman "We're going for the Americon morket. The Board wants it. The shareholders wont it. I want it. We're hungry for o big one here, Fortescue."

"You're hungry" thought Fortescue, "I'm starving. Three hours on the motorway, coming to head office. No food, contraflows as far as the eve can see. The only thing I've had in my stomach is my heort."

nications between the offices of the European Community, trade associations, hotels and

conference facilities. The leading conference and

exhibition centre for the capi-tal is in north Brussels, near the Heysel stadium that hosted the 1958 World's Fair.

The exhibition centre, built in 1936, is reminiscent of the Park of Economic Achievement outside Moscow with its monu-

mental concrete columns and

Inside the centre there are 12

exhibition halls which are usu-ally booked well in advance for

a variety of trade fairs, many with a Belgian orientation, but

flights because they offer the chance to relax. He says there should be no telephones on such flights so that the busi-ness traveller can relax abead of what is usually a heavy schedule.

"I am a sight-to be seen when I travel. It's ear-phones, eye-shades, socks, the lot," he

worry about your suif being creased. It's better to change at

He greatly dislikes airports. I don't like it when we are treated like sardines at airports, especially at Terminal

'I don't like it when we are treated like sardines at airports, especially at Terminal **Two at Heathrow'** 

Two at Heathrow. I prefer Ter-minal Four and Gatwick Air-port. I think airports ought to cater more for the business traveller - maybe get rid of the duty-free area and have a separate lounge for business travellers. There also has to be a solution to the endless queues for checking in bag-

gage." For Mr John Mitchell, head of ICI's eastern Europe opera-tion, airports present no partic-ular problems but some of the ground staff cartainly do. He said: "They are blase, pomp-ous, officious and uninterested, our officious at Heathane". specially those at Heathrow." He finds it difficult to cope

with jet lag. "When it goes beyond seven hours that has an effect on me and if I'm going to work straight after, work suffers a bit." He prefers short-haul flights, which he uses to catch up on paper work. However, long-haul flights have one advantage. "I can relax and please myself. I like the idea of isolation on nike the need of isolation on such flights, with no demands on me. I also enjoy being pam-pered on long-haul flights." When iravelling to eastern Europe, Mr Mitchell prefers to on he western sirlings because

go by western airlines because: The Eastern airlines are like crammed cattle-trucks, poorly staffed and difficult to get on. Airlines from the west are not, however, blameless and he says they "could improve their service by putting on better

As for hotels in eastern Europe, he says many were "pretty sub-standard, the cur-tains hardly ever meet and are almost never lined. In Moscow

where I had gone to visit one of our research stations in the early 1960s. A man carried my bag from the car. He then checked me in, loaded my luggage on to the small aeroplane and then got into the pilot's seat and flew me to Wogga." Mr Mitchell admits to a love

of Australia and its people and said: "They have no respect for anthority unless it is earned. I can associate myself with "I regard Asian airlines and hotels as the best. I think it is

something to do with their culsomething to do with their cur-ture and general expectations of giving and receiving." No anime beats British Air-ways as far as Mr Nigel Mas-sey, marketing director of Aldersgate Developments, Mr Deter do Service meanwith

Peter de Savary's property company, is concerned. He says: "Four years ago, wouldn't have put my worst enemy on British Alrways. But I can honestly say, day and night, British Airways is the best and where possible I try to fly with them. "A businessman wants an

A businessman wants an atrine with people who under-stand. He doesn't want duty-free, he just wants to get on, have good food and go to sleep, and BA epitomises all I look for in an airline." If find the

As for US airlines: "I find the average service on US airlines indifferent and resentful and sometimes downright scandalous." For London-based Mr Barry

Toogood, general manager European agencies, at Knight Ridder Unicom, the large US newspaper group, constant delays have meant a change to his working schedules.

Two or three years ago I could fly to many European cities and have a full day on business. But today, you are lucky to get three or four hours, so now I find I have to hours, so now I find I have to allow an extra day," he says. He also feels conditions for business people travelling in western Europe are very poor. "When travelling in Europe, one feels shunted around as if on a bus. The bounce goes out of it at that level "

of it at that level." He prefers long-haul flights. Singapore Airlines sticks in

the mind for its all-round quality of service. They just seem to get more things right," he says. He avoids US airlines. "They all seem to be so rundown."

"I wont you to head it up Fortescue" continued the Chairmon. "Study the market, pick the people. Reolly get your teeth into it."

"Teeth." The word gnowed into the empty pit of Fortescue's stomoch.

"If I'd come on InterCity, I could have got my teeth into o full English breakfost" he mused. "Countryside rocing past the window, fried egg, succulent sausages, crispy bocon. All the trimmings."

"The Americon market is huge Fortescue, it's ripe. And you ore going to devour it for us."

Fortescue's mind mode o futile attempt to grapple with the sales potential in Minnesota. But his stomoch had all-devouring thoughts of its own.

A steward bearing slices of hot toast and o cup of steaming block coffee swam briefly into vision.

"Chew it over Fortescue."

The Chairmon's culinory metaphors seemed to Fortescue to have a sadistic streak.

His distrocted expression caught the Choirmon's steely eye.

"We could always give it to Tomkins" the Chairman intoned silkily. "Maybe you've got too much on your plate, Fortescue."

"If only I had" thought Fortescue. "If only I hod."

### **BUSINESS TRAVEL 6**

### BUSINESS CITIES: Birmingham's quest for international status

## On the convention bandwagon

ESTRANGED BRUMMIES returning to their city after a prolonged absence are finding it increasingly difficult to get it increasingly difficult to get their bearings. The drive to attract business visitors to Birmingham has reached the point where Britain's second biggest city is being physically, and dramatically, transformed

The reason is to be found in a conscious strategy adopted by the city fathers to regain soma of Birmingham's lost international standing as a centre of manufacturing indus-try by building up its service sector - and in particular, business tourism.

It is not so very long ago that the words "Made in Birmingham" echoed around the world

The city flourished from the early days of the industrial revolution, when it was

The construction of the convention centre, for all its boldness, is a gamble

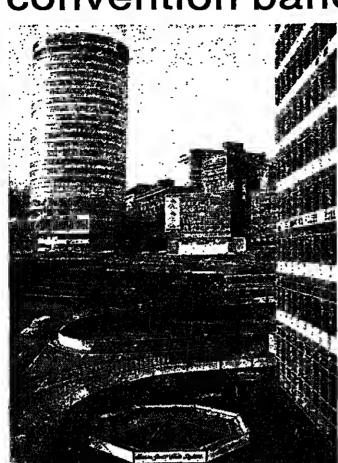
renowned as the capital of the west Midlands industrial heartland with customers from around the world beating a path to its factories' doors, up until the late 1960s. Boom turned to slump in the

1970s as British industry lost its competitiveness and reces-sion began to bite. With manufacturing employment plum-meting, Birmingham decided to fight back by building s new economic hase that would transform it into an international business city.

Its first bold step came in the 1970s when it established the National Exhibition Centre, Britain's first purpose-built exhibition centre, on a green-field site next to Birmingham airport.

The notion that an exhibition centre could succeed ontside London was widely ridiculed at the time, but the National Exhibition Centre worked. Opened in 1976, it now hosts nearly all the most important British exhibitions and has helped put Birming-ham back on the international map.

Encouraged by this success, Birmingham has embarked on a still more ambitious scheme aimed at attracting new investment and jobs. This is the con-



Transition period: Buil Ring is due for redevelopment

seeking to jump on the conven-tion business bandwagon, and struction of the £148m International Convention Centre, now Birmingham is handicapped in the competition by its image as taking shape on a site close to

the city centre. Due to open in April 1991, the convention centre – like the NEC – is another UK first. It will have 11 halls with seata dull and unattractive industrial city. survey of 50 European cities suggested that only Istanbul offered a poorer quality of life. ing capacities varying from 120 to 3,000 and will include a 2,200-seat symphony hall for the City of Birmingham Sym-Just a comple of decades after its last reconstruction in the 1960s, the city has there-fore thrown itself into another

phony Orchestra. It will cater for two main categories of convention business: association conferences, such as the annual meetings of professional bodies, and corporate conferences, along the lines of those held periodically by companies to motivate sales

staff or launch products. The construction of the convention centre, for all its boldss, is a gamble. Many other countries are

storey mirror-glass Hyatt Regency nearing completion next to the convention centre

Also under construction by the convention centre is the 28-acre Brindley Place develop-

This will include canalside shopping, an aquarium, cine-mas, a two-star family hotel, offices, car parking. At the centre of it all, the £50m National indoor Arena, an 8,000 seat sta-dium aimed at putting Bir-mingham on the international sporting map. Altogether, Birmingham City

Council estimates that about £1.5bn worth of construction work is planned or under way in the city, much of it triggered or encouraged by the convention centre project. Symptomatic of the extent of

the changes is the plan to

The council says some £1.5bn worth of construction work is planned or under way

knock down and redevelop Birmingham's best-known land-mark, the Bull Ring shopping

Today finds the city in a period of transition. For the moment, it is poorly served by high quality hotels: remark-ably, the Consumers' Association was mable to find any worthy of inclusion in its Good Hotel Guide 1990.

Similarly, it lacks any res-taurants of distinction, none in the city having earned a Michelin rosette or an Egon Ronay star.

The amenities are improving: not just in terms of the reconstruction, but also in Bir-In June, a French magazine mingham's determination to

fill its cultural void. Birmingham already boasts Simon Rattle as the conductor of its symphony orchestra hut the city recently lured Sadler's Wells Royal Ballet to a new home at the Birmingham Hip-

podrome theatre. Quite what the end-product of this frenzied activity will be attempt to transform itself into an city to rank with the likes of Frankfurt, Barcelona or remains uncertain. But Birmingham (motto: Forward) never was a place to stand still If this redevelopment does not work, it will surely not be slow to try another.

**Alchard Tomkins** 

"TAKE ME to the Hilton" is the theme of Hilton Interna-tional's \$10m (£6.3m) advertis-ing campaign as part of the hotel group's revamped corpo-rate identity programma announced last month. Hilton International was Hilton International was bought by the UK Ladbroke Group for £645m from United Alrlines in 1987 and was con-sidered quite a coup for the betting and leisure group. "We have a brand which,

more than any other, is synon-ymous with hotelkeeping at its best," says Mr John Jarvis, managing director of Hilton International. Hilton International is not

'We have a brand which is synonymous with hotelkeeping at Its best

part of the company founded in the US by Mr Conrad Hilton who was largely responsible for building up international recognition of the Hilton name. The US and international operations were split in 1964

and run as separate operations. The US Hilton Hotels is for sale at a rumoured \$3bn - few takers have so far emerged. Hilton International, owned by Ladbroke, is determined to go it alone in the hotel business. "We are not interested in buying Hilton in the US but we

would be prepared to man its hotels if it was acquired by someona other than a hotel group," says Mr Jarvis.



**PROFILE:** Hilton International

**Determined to** 

#### The Nije Hillon hotel in Egypt

Hilton International's strategy is twofold. It plans to con-tinue expansion of its business hotels in large cities through-out the world as well as devel-oping new resort hotels popu-lar with convention and incentive groups. City centre hotels on that cards include a 290-bedroom hotel in Barcelona to be

opened shortly. Longer term plans include Frankfurt, Zur-

ich, two further hotels in Turkey, and Japan. In London next summer the 50m refurbishment of the his-toric Langham Hotel will be completed, giving Hilton a new central London flagship. The hotel site was acquired by Lad-broke from the BBC for \$26m in lets 1095 in late 1986.

FINANCIAL TIMES WEDNESDAY NOVEMBER 15 1989

The majority of these developments are being - and will continue to be - carried out ton has resort hotels in Hawaii, the Caribbean, Great Barrier The US and International operations were divided in 1964

by hotel owners who have cho

by hotel owners who have cho-sen us to manage the property on their behalf," says Mr Jar-vis. "Unlike all our main inter-national competitors we are not in the franchise business — we manage and operate every hotel in our portfolio of 140 hotels in 47 countries." — But Hilfon International

149 hotels in 47 countries. But Hilton International plans over the next decade to seel part of the equity it holds in wholly-owned hotels to release the capital to pay for its expansion plans. Expansion into resort hotels

will be via a new company, Hil-ton International Resorts. Hil-

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Reef, and Tokyo Disneyland, and will manage two new resorts on Ball and Mauritius. Othar new developments from the group include an air-

port meetings programme. Executives who have flown in from several destinations can hold a meeting with their colleagues at an airport Hilton. The Business Connections The Business connections package includes a personal meeting co-ordinator, guaran-teed meetings rate, including local taxes and service, overnight accommodation, and meeting room hire.

**David Churchi** 

No rest for the high-flyers

**TRAVELLING GADGETS** 

LOOK AT the lifs of the average Euro executive and it doesn't seem like a lot of fun. He may be pulling in the frances or the Deutschmarks, but when he isn't in meetings, he's on a plana or en route by some other means to one of the company's outposts. As they say, it's all go. So what our dear hardwork-

ing, vary tired Euro-enec needs is lots of things to help him get some much-needed rest. As one highly successful management consultant said to me once: "Anybody wondering

whether, they, too, want to make it in the high-flying world of the endlessly mobile should ask themselves not so much can they do the work, but can they sleep on planes? If you are the sort who can only eep when safely tucked up in his own bed, forget it."

First, then, on the list of travelling gadgets for today's business executive should be First on the list should be one of those darling little Inflatable in-flight pillows

First class and club class seats seem always to be filled than 3% inches by 2 inches, will be well worth its spot in the overnight bag - for £24.95 it offers three brushes (i.e. for three different coloured leath-ers) and a battery-powered motor which will whirr in the they fly.

polish. You simply press a but-ton to operate the polish brushes and top it all off with the buff pad: Women travelling executives might be more inclined to give space to the Compact Beauty Kit. Forget the old-fashioned vanity case beloved of filmstars, here packed in in one neat and compact little matt black case (4% inches by 3% inches by 1 inch) is everything the well-groomed woman could

need. There is a mirror and stand, two blushers, eyelash brush, tweezers, scissors, hair remover, euticle pusher, nail clipper, hair clip and clothes brush - all for £19.95. Electronic note-books are ideal for the constant traveller

copier you have back at the ranch. But at £225 it is a highly nseful gadget. Finally, those who love their with serious businessmen (and the equally serious occasiona businesswoman) studying lots of amhitious-looking paper as

It could be that a portable photocopier could help them on their way. Tha neatest; blackest; smallest around is the Copyjack - it weighs only about 11% or and you simply run it over the copy you want copied and, as they say, Bob's your uncle.

The Copyjack's drawback is that it photocopies only very small sections, just about one inch wide at a time - do not think in terms of the photo-

toys small, compact and main black might like to think about the Tripp computerised travel guide — where do you hire a car in Rome, find a decent hotel room in Istanbul, know what the currency rate is in Afghanistan? Tripp will tell yon all this and lots more. Information covering some 80 cities round the world is com-puterised into its tiny little

frame — a touch of the botton reveals all. £29.95 from The Leading Edge. Lucia van der Post



The perfect

location

One example of the redevel-opment is the hotel building going on in Birmingham. About 40 hotels are plauned or under construction, providing 4,000 bedrooms - the biggest of the new hotels being the 24-

frenzy of redevelopment in an

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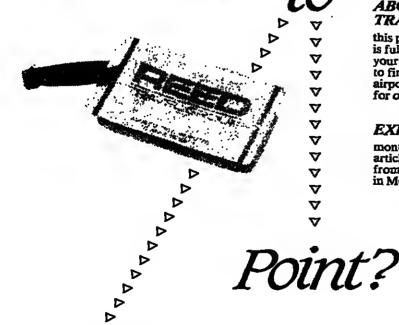
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monthly business travel magazine with articles hy top journalists on anything from airlines and hotels to doing business in Moscow.

inflatable in-flight pillows - it packs flat, fits into its own lit-tle pouch and when you get onto the plane yon simply hlow it up. It supports the head in the way that no airline seat, Another new gadget - the Databank organiser, could help our tired Euro-enec keep tabs on his many engagements, addresses and telephone numeven in first class, ever seems to do, and it enables our weary traveller to catch up on a little bers. R, too, is tiny - it mea-sures just 2% inches by 3% inches - but it has a 20,000of his lost sleep. It has to be said that these are not things of beauty but there's many a captain of industry who nowadays never files without one. They cost

character memory which means you can keep a travel diary (including noting those problematical expenses) store addresses and phone numbers, roughly £4.99 each and can be found in most airport shops. While you are in the airport not to mention engagements not to mention engagements and reminders. Just 234.95 from The Leading Edge. For those who like to keep in tonch with world events, nobody has yet come up with a better radio than Sony's World Band version. shop, yon can cast your eye over a whole range of amall travel gadgets which may or may not make your journeys

slightly easier. Some travellers - chiefly it has to be said those for whom the expense sheet looms large - swear by the X-Changer, a gadget which translates one It is scarcely bigger than an audio cassette box and weigh-ing between 5 lb and 6 lb, it currency into another. First, you key in the rate of exchange and then it will convert into

comes complete with stereo earphones and a black plastic carrying case. Besides the radio which will enable our up-to-the-minute businessman and then it will convert hito your own currency all your travelling expenses. Whether it's on your list of essential gadgets will obviously depend on your powers of mental arithmetic and the complexity or woman to keep in touch with news and markets all round the world, there is a built-in clock-slarm so at least one other bit of travelling para-

of your expenses forms. Gadgets have been getting smaller and smaller as their number has proliferated. Almost everything the travelphernalia can be left at home. It costs £269. Sectors travellers definitely need adaptors and the adaptors they need are the sort that will take any two-or-three-pin plug and adapt them to any other two-or-three-pin plug, wherever that might be. The adaptor for our serious traveller, therefore, has to be the Globertotter, cur-rantly on sale only abaard costs £269. Almost everything the travel-ler needs now comes mini-sized - from radios no thicker than a credit-card to calculators, hattery-powsred shavers, torches and alarm clocks which tell you tha tima in every time zone in the world. All credents should clearly All gadgets should clearly earn their keep. For some the Shoe Care System, no bigger rantly on sale only aboard some of the world's most seri-

ous airlines

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your letters as you go. There is now a tiny tape-re-corder called the Executive Micro Talk-Book made hy Sanyo and measuring just 4 inches by 2 inches by % inch which gives seven hours of recording from one AAA bat-tery. Find it at The Leading Edge for £159.95.



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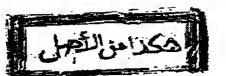
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### **BUSINESS TRAVEL 7**

INTERNATIONAL PAYMENTS

BUSINESS CITIES: Sydney's fine reputation has taken a knocking, reports Chris Sherwell

## **Cards bring** more control

BRITISH businessmen spend an estimated £20bn - the equivalent of 5 per cent of gross national product - each year on travel-and entertainment. Travel and entertainment costs outstrip the national bill for corporation

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tax and rates. Keeping travel costs under control is a never-ending struggle for many corporations. Equally, since bosiness travel is not an end in itself, there is a constant search for more effective and flexible payments instrume

The spread of international payments systems to most parts of the globe has made the going much easier for business travellers then it was even a

decade ago. The modern traveller can draw roubles from a cash machine in Moscow or Turkish liras from a Visa antomatic teller machine (ATM) in Istanbul enabling him to draw cash as and when he wants it.

Cash tends to be useful for small purposes; paying for

taxis between airport and hotel for example

The snag is that, if he uses a payment card such as Barciays Connect, a current account debit card launched in 1987, the business traveller may be drawing money out of his own bank account.

Cash tends to be useful for small purposes; paying for taxis between airport and hotel for example. Larger bills have to be paid for with other instruments such as company credit cards or travellers' cheques

Even among the developed countries, access to cash machines may be limited. West Germany is the world's largest trading nation, but there is as yet not a single Visa or Master-Card ATM in the country. American Express can offer just over a dozen ATMs, including one (constantly replenished) at Frankfurt air-

Eurocheque machines are to be found at every street corner, but even those rare travellers who have Eurocheque cards with a magnetic strip on the back and a personal identification number, will find that only one in 10 is programmed to accept foreign cards such as those issued by Midland or National Westminister bank in the UK

Companies have longer range concerns. They want to be able to keep management control over expenses as tight

be, and whether they watched the movie on the television in their hotel bedroom," says a credit card specialist with one

of the big four UK banks. In general this can be use-ful, but there are occasions when it causes embarrassment all round, particularly when very senior company employ-ees are concerned. In any case,

quibbling over bills does not create a very good corporate spirit," he adds. Perhaps this is one of the

reasons why travellers cheques, such as those issued by Thomas Cook and American Express, are still popular with business travellers.

Travellers' cheques have obvious advantages over cash - their easy replaceability for example - and unlike credit cards, they do not automati-cally throw up an audit trail revealing the year they have revealing the way they have been used. On the other hand, they

have obvious disadvantages over cards. They are less parta-ble and thus are potentially more prone to theft.

Travellers' cheques are also relatively expensive, especially if not encashed at an office of the issuer when a second commission is liable to be charged. They also have to be paid for in advance and refunded if

Acceptability of travellers' cheques can also be less ubiq-uitous than is sometimes realis This summer a West German travel agent in the heart of

Frankfurt, with the Master-Card sign on its door, declined to accept my Thomas Cook traveliers' cheques when buy-ing a train ticket, although they carried the same branding. The travel agent directed me to Thomas Cook's own bureau

a few doors down the same street. This was an easy and swift alternative to cashing it for themselves, but one which did not seem to be entirely satisfactory. The dominance of card-based

travel and entertainment services is likely to increase farther and become steadily more pecialised. This year, Diners Club, the

charge card system owned by a worldwide network of fran-chises, combined with SAS, the Scandinavian Airline, to pro-duce a new air travel payment

Acceptance of credit and charge cards has become so widespread (both Visa and MasterCard claim more than 6m outlets worldwide) that plastic looks set to stay dominant for the foreseeable future. A more difficult question to

Harbouring a wealth of outdoor attractions

IT SAYS something about Sydney when the Darling harairline system (courtesy of the local pilots' dispute). • A poor taxi system. Cabs

hour redevelopment, a confer-ence and exhibition centre with shopping and leisure facil-itles, is described as Austraha's premier tourist attraction by its promoters. Darling harbour may well be

worth seeing, or using for a business event. But premier tourist attraction it is not. It cost almost Afilm to build and the 400-table casino (the world's largest) which was to help fund the project, has been dropped. Local taxpayers are not amused.

not amused. The centre is situated in a city renowned the world over for its magnificent natural har-bour (of which Darling harbour is a tiny fragment), for its beaches and its spectacular opera house. All this in a coun-

opera house. All this in a coun-try with unique features such as Ayers Rock, Kakadn national park and the Great Barrier Reef. Indeed, for a city with such a remarkable reputation as a place to visit and live, Sydney has descended to have a host has deservedly taken a hard knocking over the past year.

Look at the catalogue of com-plaints: • A congested airport, made worse by an overnight curfew, disruptive air traffic control-lers, inefficient immigration and customs systems and, lat-terly, an unreliable domestic

frequently don't arrive on time when pre-booked and drivers are not tested for their street knowledge The local authorities have agreed to an expensive tunnel under the harbour which will use the same feeder roads as

television

the harbour bridge. • A shortage of hotel rooms, at least up to 1968, which resulted in a large rise in room prices and expensive ancillary services.

Recommendation; rent a harbourside apartment, but be prepared for high-priced restaurants, concerts, theatres and cinemas. · An unfortunate determina-

tion to rebuild the city centre (it resembles a building site), with architecturally unredsem-Yet it tolerates the emer-gence of ethnic ghettos such as the Aboriginal ghetto in inner-city Redfarn and the Vietnam-

e ghettos in Cabramatta, in ese ghettos in Cabramatta, in the sprawing western suburbs. • An antiquated sewage sys-tem which fails to give ade-quate treatment to its volumi-nous industrial and household waste, resulting in scandal-ously polluted surf and beaches on days when the An inability to deliver clear



Sydney: renowned for its magnificent natural harbour, its beaches and the opera house

pictures to various atmosphere of neighbourly areas of the city resulting in arrays of tall aerials above subbonbomie • Even the weather has taken urban houses. The sooner Syd-ney is wired, the better and a turn for the worse in 1989. Between Christmas and July, more beautiful it will be. • An abiding sense of fast money and loose morals. Syd-ney's King's Cross has long Sydneysiders suffered rainfall in volumes not seen in a generation, followed by a warm and dry spring. Sydney is not all bad, otherhey's aims's courses are been a centre for drugs, sexual freedom and crime. Fortu-nately these drawbacks are dwarfed by a more general

wise where did its reputation come from? The principal attractions are outdoors.

• The Harbour, Sydney's centreplece, visitors should see it from a regular ferry rather than an expensive floating Its indisputable beauty,

which can also be experienced on shoreline walks, is marred only by what Sydney people have done to it. Witness the naval base and ugly crane on its southern shore, and the industrial facili-

ties and suburban skyscrapers on its edges.

 A mosaic of parks: Kuringai national park to the north on the edge of Pittwater, in effect another Sydney harbour, the Royal national park to the south, the Blue Mountains (which should have been called the yellow gorges) to the west, and innumerable beaches, stretching out along the coast

• The Hunter Valley wine-lands: fly along the highway and float back, if you must do it in a day. It's more fun to stay for the weekend. That way you imbibe a Sydney ritual as

thing worth seeing, the nearby botanic gardens, and Taronga Zoo on the harbonr's north shore. Try Centennial Park in the eastern suburbs for horse or bike rides.

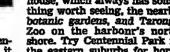
 of bike rates.
 If you like eating, Sydney, like any Australian city, offers plenty of variety, thanks to its wonderfully cosmopolitan pop-ulation. Rock oysters and fish are its specialities. Try a BYO - Bring Your Own (bottle of Australian wine) - which invariably offers greater value for money.

- North



well. In town: The Rocks area, where Australia'e first colonis-

ers lived, remains the best authentic sight. Then there's the opera house, which always has some-



as possible, monitor and under stand expenditure patterns and identify opportunities for cost savings. Finding ways to make more accurate budget forecasts is a prime objective.

In spite of this, it is rather surprising to discover that a study of corporate travel and expense habits commissioned recently by American Express shows that nine out of every 10 companies still rely heavily on cash advances.

"In some companies" the study points out, "up to 5300,000 can be tied up in cash advances to staff. Company cards are often seen as a man-agement perk rather than as part of an expenses manage-

part of an expenses manage-ment system." Of the 70 per cent of compa-nies who do provide their employees with a charge or credit card, 73 per cent use American Express. Amex says that as many as 92 per cent of directors use Amex cards and 67 per cent of middle manag-ers.

Convincing companies that a

It is surprising to discover that nine out of every 10 companies still rely heavily on

cash advances.

card is not a status symbol likely to be abused but an instrument of control takes time. One problem is that modtime. One protocol as the error electronic methods throw up a wealth of detail which can sometimes be embartassing. ometimes be embarra



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**Convincing companies** that a card is not a status symbol but an instrument of control takes time

answer is whether or not credit card systems such as Visa and MasterCard can topple Ameri-can Express and Diners Club from their position in the travel and entertainment market.

Charge card systems have a lot going for them. Even Din-ers Club, the oldest but small-est card payment system, still commands a formidable range of orthest in committies where it of outlets in countries where it was the first plastic card to be

generally accepted. From a company's point of view, management and control of expenses - including such add-on benefits as American Express's Company Card Pro-tection Plan which guards tection Plan which guards against unauthorised expendi-ture - can be combined with financial savings, and increased efficiency. The latter come from improvements in cashflow with less funds tied up in advances and floats.

ces and floats.

From the user's point of view there is special attention that charge card organisations tend to lavish on their American Express prides

fiself on ensuring that custom-ers get prompt treatment not only in minor emergencies (for example, a 24-hour replacement service for lost or stolen cards) but also in getting ser-vices for card holder travellers

ter such as an earthquake hits

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### **BUSINESS TRAVEL 8**

Ten years ago, the

travelling executive

was hardly given a

second thought

with 40 inches in Club World)

at virtually the same price as

all other airlines' business class. In addition, it has more space available on flights for

business class passengers sim-ply to move around, either to the bar for drinks or talking to

colleagues or new acquain-

success clearly shows that space is the important require-ment for the business traveller,

even if the airlines have to

Market research and Virgin's

busin

### David Churchill looks at ten years that changed the world of the business class

## More space travel proves popular

PITY THE poor bewildered in business class travel for sev-business traveller having to eral years. actual in-flight service too lux-urious. Thus such services as choose between the many airline business class services around the world.

VIII

Ten years ago, the travelling business executive was hardly given a second thought by the airlines - having to put up with cramped seats, screaming children and poor food.

A decade is a long time in the international airline business. Now business travellers are the most wooed market, courted assiduously by airlines not only because demand by executives for airline seats remains buoyant but also because they tend to pay close to the dull fare

to the full fare. A measure of the importance to airlines of business class passengers was recently revealed by Business Traveller magazine. It calculated that a fully booked business class on a British Airways flight to New York would, even after deducting travel agency commission and other incidentals, still make the flight profitable even if there were no economy or first class passengers at all. or first class passengers at all. Snch calculations help sxplain why British Airways was prepared to spend £2 last year up-grading its busi-ness class services. The BA revamp, which created two distinct products - Club World and Club Europe - was the most significant development

eral years. The new service galvanised

most of BA's competitors into radically upgrading their busiminal Four. ness class services - so much so that virtually every week sees some improvement announced by a main airline as each seeks to gain a competi-

tive advantage. By being first with its relaunch, BA secured most marketing benefits, with sales revenue up by 106 per cent since the service was introduced in the spring 1988. The main benefit for passen-gers of the Club World service was significantly increased

Virgin Atlantic is BA's .main competitor on

the lucrative New York routes

leg-room and seat recline, as well as new contour-shaped seats replacing the previous rather uncomfortable seats. Club World also offers a fixed cabin space to divide pas gers paying a higher fare from economy, as well as significantly improved food and

Club Europe was based on the concept of saving business travellers both time and hassle when on short-haul European flights, rather than making the offer this service. Virgin Atlantic is BA's main

"valet parking" for travellers to Paris and Amsterdam was competitor on the incrative New York rontes. Virgin introduced at Heathrow's Terpipped BA for the coveted Business Traveller award BA was so successful with its business class relaunch that it was forced this year to recently as the best long-haul business class service. Singa-pore Airlines came third and ungrade its First Class services Cathay Pacific came fourth. as well. It found that some BA was voted the best airline basiness travellers were overall among business travelswitching from first to club lers. because the level of service Virgin's success has much to and comfort was so much with several factors which do

point the way towards the development of business class services in the 1990s. It offers first class sleeper seats with a 55 inch seat pitch (compared improved. The philosophy behind the relaunch was to give the senior business execu-tive greater control of his environment

"Today's First Class passen-ger expects to be in control, to be given choice, and above all to be given the very best stan-dard of service," explained Sir Colin Marshall, BA's chief executive.

**BA** incorporates personal video screens on some of its First Class flights - a service many expect to be offered in its Club Class before long. Virgin Atlantic already offers portable video sets on its flights - with a catalogue of up-to-date feature films to choose from - and other air-lines are likely to follow suit. The problem for BA is that it

has 167 Club World destina-tions while Virgin has only three at present, thus clearly making it easier for Virgin to

allocate this at the expense of first or economy class passengen

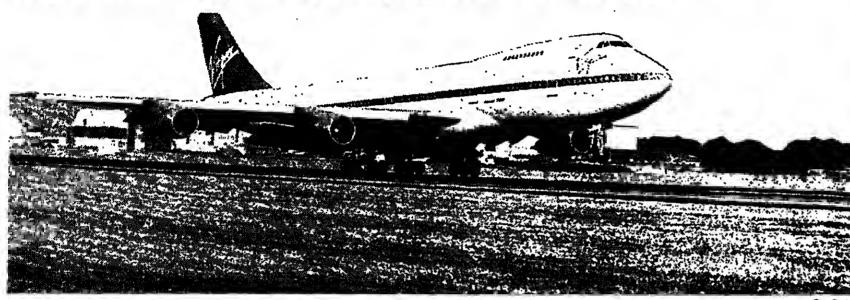
Airlines are also looking closely at the question of in-flight catering and whether executives actually want ever more elaborate food. Some believe the trend will be towards more snacking arrangements for business class passengers, which they eat when they wish. .

Perhaps the biggest area for improvement will come from better check-in facilities. Str. veys show the airport check-in is where most executives feel a loss of control.

A faster and more stream lined service is clearly needed as is the recognition by airports that frequent business travellers need a different treatment to the once in a life time traveller visiting relatives overseas. There was chaos at Heathrow's Terminal Four departure lounge recently when security checks and the sheer weight of passengers created long delays. British Airways is trying to alleviate this problem in the

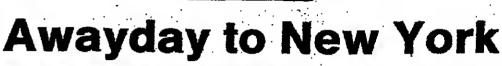
short term by having special staff - wearing red carnations - whose job it is to help business travsllers through check-in and customs.

In the long term the battle for the business traveller may be won on the ground rather than in the sir.



Virgin Atlentic offers portable video sets — with a catalogue of up-to-date feature films — and other airlines are likely to follow suit

RIC



CONCORDE

JAGUAR CHARMAN Sir John Egan is a fan; so are fellow knights Sir James Goldsmith, Str Hector Laing and Sir Gor-don White; as, indeed, are Lords Forte, Hanson, and Keith

The object of their admira tion is a 20-year-old aircraft, which offers one class of service in small, cramped seats; no in-flight movie to while away the time; and costs about twice the normal business class airline fare.

Yet Concorde has emerged from all the years of doubts and wranging over its cost, noise levels, and elitism, as one of the most effective business tools for the senior executive for whom time means more than money.

Snpersonic travel has mabled captains of industry to fly across the North Atlantic, arrive in New York not only before they started out, but in a fresher state as well, due to a lower cabin pressure than on a

egular Jumbo. British Airways offers a spe cial package - a sort of "Awayday" to New York and back on the same day, with a conference room included. priced at £3,500 return instead of the normal London to New York return fare of £4,256. Travelling from London Heathrow on BA 001 at 10.30 am (check-in time is only half an hour before departure, so

the really keen executive can have got in a couple of hours work at the office be or at least a power breakfast at the Savoy), Concorde arrives at JFK airport in New York at 9.20 the same morning. BA can then arrange for one

of three meeting rooms to be made available at the airport, with all the normal facilities needed for presentations and so on. The executive would then have some four hours of hrach. meeting time before carching the 1.45 pm Concorde to land back in London at 10.25 pm (London time, but after only just over 3% hours' flying

time). The only mag with such a jet-setting scenario is that, of course, the times are illusory. The time-lag difference between New York and London means that the real elapsed body time for the hot-shot executive is 3.25 am - i.e. the executive will have been up for nearly 20 hours at least.

Yet there is no way on con-ventional sub-sonic aircraft for an executive to have flown to New York and back in a day and to have held a four-hour meeting as well. Moreover, the three hour and 20 minutes flight time on the way out means the executive is effectively in the same shape as after a UK train journey. Of course, most business

executives do not use Concorde

for such an expensive day trip but usually to save time on a regular flight on conventional aircraft. Moreover, while the food on Concorde is rated highly conventional highly given the constraints of preparing a meal in such a small aircraft, many passengers forgo eating on the plane on the way out simply because they will arrive (having cleared customs and the journey into Manhattan) just in time for.

Others have different reasons for eschewing the mesh. Mr Paul Hamlyn of Octopus Books - a frequent Concorde passenger - once told an interviewer: "I know better restaurants in London and New York, so why should I?"

Perhaps the biggest worry many top executives have about their jet-setting corpo-rate lifestyle is that it will, like all things, eventually have to come to an end. As no further-Concordes are in production, there will come a time early next century when the aircraft will finally have to be taken out of service. Before the next generation (if any) of supersome aircraft are built, the top business travellers in 20 or so years' time will have to come to terms with a less stylish way to travel.

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1.17 FINANCIAL TIMES CONFERENCES **COMMERCIAL AVIATION** IN THE **ASIA-PACIFIC REGION TO THE END OF THE CENTURY AND BEYOND** 

> Shangri-La Hotel, Singapore 12 & 13 February 1990

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- Meeting the Needs of the Regional Airlines
- · Meeting the Demand for Aviation Skills in the Air and on the Ground
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#### Type of Business

Home of executive clubs

**PROFILE:** Hvatt

EARLIER THIS year the Chicago-based Hyatt hotel group surveyed some 700 international business executives and found, perhaps not surprisingly, that many executives felt business travel was "Underlying the snags and skirmishes with service per-

sonnel, something more pro-found is going on," suggested the Hyatt survey. This, it argued, was the "traveller's struggle against

anonymity, uncertainty and wasted time." The survey was part of

Hyatt's determined approach to anticipating the needs of the business traveller. Some 60 per cent of the com-pany's worldwide business is accounted for by business travel.

The business traveller is looking for comfort, conve-nience and communications," says Mr Adrian Simpson, Hyatt's director of marketing in Europe. Hyatt claims to have developed the executive floor con-cept which it calls the Regency Club. Executive clubs provide business guests with a sepa-

rate conclerge, jounge, or even floor away from ordinary lei-sure travellers. Hyatt's Regency Club gives guests access to a special lounge for complimentary cocktails as well as a concierge to organise any special

The Grand Hyatt in Hong Kong, for example, has seven floors of Regency Club accommodation, as well as some

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innovations in business practice

Helping executives to communicate with their offices -which apparently makes many feel more secure, according to

the Hyatt survey - is part of the Hyatt policy. the Hyatt policy. Hence many rooms enable guests to use their own per-sonal computers while busi-ness centres within the hotels try to offer a complete home away from home. At the Cen-tury Hyatt hotel in Tokyo, for example, business cards can be printed in Japanese in the business centre.

business centre. The increasing use of tech-nology enables some hotels to give guests the opportunity to review their bills on their in-room television monitor or, such as at the Hyatt Regency in Chicago, to check in and check out by using a visual display unit terminal in the hotel lobby. Hyatt has always had a

well-deserved reputation for consistent quality among its

144 hotels worldwide. This achievement is seen by some analysts as a result of the company being privately owned, largely by the Chicago Pritzker family, and a willing-ness to innovate while retain-

ing a sound property base. Like rival chains, Hyatt is embarked on an ambitious expansion programme world-wide, including its first East-ern Europe hotel due to open next January in Belgrad

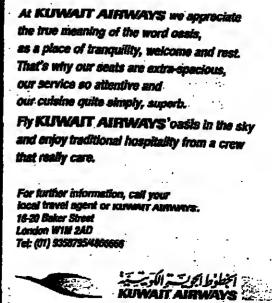
Hyatt has some 21 new hotels either planned or under construction around the world. representing some \$2.2bn

suites with their own facsimile numbers. (£1.4bn) investment in ten countries

This investment includes This investment includes plans for a 388-room hotel on the former Greater London Council headquarters site on the South Bank in central Lon-don. However, this is not due to be completed until 1994, by which time the political situa-tion in the UK may have mingham's leading hotels.



## AN OASIS OF COMFORT



The Challenge and the Change

## changed and the site may once again be required for local gov-

A safer bet is the new Hyatt Regency in Birmingham, due to open next June and likely to quickly become one of Bir-

**David Churchill** 

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the race to London: Air UK sterling lounge at Glasgow airport

The UK domestic scene is highly competitive

## **Battle for trunk routes**

MORE THAN 11m passengers travelled last year on sched-uled domestic air services and, in spite of recessionary rum-blings, the rumbers are still rietar rising. While leisure travel forms a

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growing element, domestic flights depend essentially on the business traveller. Some two-thirds of British Airways Shuttle passengers travel on business. Other airlines tell a similar story. British Airways, with nearly

5%m domestic passengers last year, carried about 50 per cent of the market on an average of nearly 200 domestic flights a

day. Of these, by far the busiest are the Shuttle trunk routes to Edinburgh, Glasgow, Belfast and Manchester to such an extent that, to the initiation of competitors, passengers tend to use "shuttle" as a generic term for domestic services. BA's closest rival is British Midland Airways (BMA), now nearly 25 per cent owned by SAS, the Scandinavian airline. It expects to carry close to 2½m domestic passengers this year, most of them on its Heathrow-based network serv-ing eight British cities. BMA claims more than 30

per cent of the Glasgow and Edinburgh market, and just under half the Belfast market. BA claims higher load factors and a higher proportion of the business market.

BA has recently taken the offensive with an flim Super Shuttle relaunch, including. meals on morning, midday and evening flights. It has moved away from the pure shuttle doctrine by offering, in effect,

two travel categories; a higher-priced "executive" both passenger numbers and TEVENDE. However, Air UK's strategy is largely based on Stansted, which managing director Mr Bob Frost calls "the biggest opportunity open to us today."

ticket which carries the tradi-tional standby sircraft guaran-tee and a cheaper "saver" fare that offers a firm booked seat, but no standby aircraft. BA claims many passengers neither need nor want to pay for the convenient but costly promise of a standby shcraft

- a promise of a standby arcrart - a promise that cost the air-line £5,000 an hour to keep. The airline has also thrown its computer resources into a "timesaver" self-ticketing sys-tem that automatically issues a boarding pass and ticket and bills the passenger's account, all in 40 seconds. Mr Michael Bait, BA's head of contral mar-keting, is "very encouraged" by market response to the

annch. BMA, whose domestic traffic has risen by 20 per cent this year, responds with what it claims is international business class cabin service, plus attractions such as volume dis-

counts for frequent flyers, it sees computerised ticketing as operator with nearly 850,000 domestic passengers a year, files from Gatwick to Manchesa future option, but is rehic-tant to risk losing the reputater, Newcastle and Aberdeen, among routes in competition tion for personal service that it sees as a competitive strength. The third London-to-Scotwith BA from Heathrow. It claims that since taking over the Manchester route from

The third London-to-Scot-land contestant is Air UK, which claims well over im domestic passengers a year. The airline, in which KLM, the Dutch airline, holds nearly 15 per cent, took over former Brit-ish Caledonian 'routes' from BCal a year ago, its traffic has risen by nearly 40 per cent. West country-based Brymon Airways has built a solid domestic business with flights from Plymouth, Newquay and Erstor into Heatbrow or Gatwick to Scotland a year Exeter into Heathrow or ago. It brought in BAe 146 jets, Gatwick, boosted weekday frequencies. Many of the smaller regional

to seven flights a day, to both carriers can tell their own suc-Glasgow and Edinburgh, and, cess stories. claims to be running far shead. of its original expectations for James Croali

He foresees a transformation in the domestic scene when Stansted's high speed rail link to Liverpool Street opens in spring 1991. "Passengers haven't begun to realise what Stansted will offer, including the fastest and easiest journey

from Scotland to the City. It is

going to turn Stansted from a regional domestic airport into a major national air travel hub," he says. Air UK has twice-a-day services from Stansted to Glasgow and Edin-burgh, and expects them to match its Gettinich Sectional

burgh, and expects them to match its Gatwick-Scotland flights in frequency within the next flow years. Belfast flights are planned for 1990 and Mr Frost is keenly interested in developing Aberdeen. Dan Air, the fourth largest maintee with many stad 000

**BUSINESS TRAVEL 9** 

David Churchill assesses the world-wide battle to attract airline passengers

## Two-abreast seating forms class apart

THE NORTH Atlantic air-routes are the busiest and most profitable for the world's airlines. Some 12 large carriers

- and five smaller ones -operate to North America from either London Beathrow or Gatwick. From continental Europe to North America and vice versa there are at least a similar number.

It is on these routes that competition is flercest and most changes in the business class product are to be found. The latest attraction, albeit for fairly sophisticated tastes, is the introduction of the new Boeing 747-400 series aircraft with a number of airlines which give a greater range and

capacity for services. While British Airways clearly dominates the traffic out of the UK, it is the Ameriout of the UK, if is the Ameri-can carriers Pan American and TWA which carry most Ameri-cans into Europé. This, how-ever, has much to do with the fact that these airlines have better connecting networks within the US, thus making it easier for them to attract busi-ness.

It was for this reason that BA was so keen to the up with United Airlines, since this would have given it an impor-tant stake in a large internal US carrier and enable it to offer business travellers offer business travellers through bookings. BA, how-ever, still bas a marketing deal with United, although clearly it would have preferred a financial stake in the company. Both PanAm and TWA have re-vamped their business class services this year and PanAm especially seems to have recov-ered from the Lockerbie trag-edy with some aggressive mar-keting and pricing.

being and pricing. Delta Afrines, which oper-ates mainly out of the Atlanta and Cincinnati hubs, is regarded as having one of the best business class operations



gion, where the 747-600 skriiner is built The Boeing plant at Everett, Washin

of all the US-based airlines. Wardair, consistently voted the best airline to Canada by has one of the most popular business class services. The seat pitch at 46 inches is one of the largest of all transatlantic carries - Virgin has the largest est at 55 inches - and its six abreast configuration of seats is one less than most other air-Britain.

· EUROPE: The fast-approaching 1992 deregulation of European fron-tiers is shaking up the Euro-pean airline business since, in theory, the result should be full liberalization of cross-Eu-ropean air poster.

lines.

ropean air routes. For the business traveller this will create substantially more competition than at present since most air services within Europe are heavily regulated

There is a jockeying for posi-There is a jocksymg for posi-tion among the large and small pan-European carriers. Dutch airline KLM, for example, acquired a minority stake in Air UK while SAS, the Scandi-navian airline, followed with a minority share of Airlines of Britain

Air Europe, the scheduled airline company which is part of the International Leisure Group, is also keen to establish links with other European car-riers, especially after both Luf-thansa and SAS pulled out of marketing link-ups with the **UK** airline

Air Kurope only introduced its business class service a year ago after it realised that although executives liked its cheap fares, they also wanted some extra frills.

Apart from an executive lonnge at Gatwick, it offers a ten-minute check-in facility at

the gate with hand – baggage. Dan-Air has extended its Class Elite business class sayvice following its successful introduction on the Paris and Nice routes last year. Business travellars are guaranteed twoabreast seating, with the mid-dle seat on Boeing 737s and

die seat on Boeing 757s and BAe 1-11s becoming a table. Air France, which serves e network of 107 cities, has also targetted the UK market by offering services to a variety of UK regional airports. One UK airport which many London executives might still regard as a regional sirport is the London City airport.

regard as a regional suport is the London City suport. After a shaky start following its opening two years ago, the airport - based in the heart of London's docklands - is slow-ing winning the confidence of City-based executive travel-

The airport was built specifi-

cally with the business travel-ler in mind and has a fully-equipped business centre. Its main problem has been the inability of jet aircraft to fly from the airport which, if allowed, would considerably increase the range of airports

SOUTH EAST ASIA: Far Eastern airline services traditionally have a reputation for service far shead of that offered in Europe or on the north Atlantic routes.

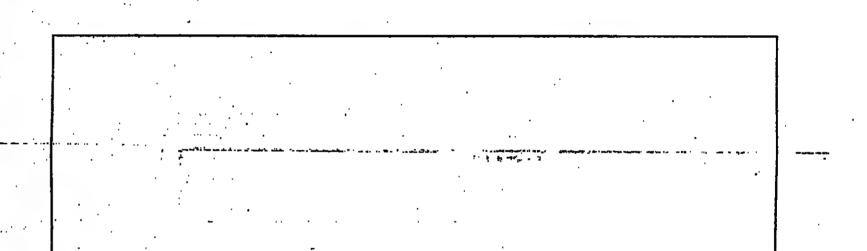
This, however, is not just a marketing ploy to tempt busi-ness travellers but reflects the very real need of helping exec-utives cope with jet-lag and flights lasting more than 20 hours or so.

Cathay Pacific and Singa pore Aritines have emerged in the 1980s with well-deserved reputations for offering among the best of all business class services for style and comfort. Cathay's re-designed Marco Polo business class service has wider seats in a seven-abreast configuration, instead of the previous eight-across. The new seats also have a combined log and foot rest.

Singapore Airlines was one of the first airlines with the new Boeing 747-400 aircraft with extended range and seats, giving it the capebility for more non-stop services.

Singapore is very consciou of its quality reputation and is halfway through a company-wide programme of improving its service both in the air and on the ground.

One of the important markets is the Tokyo route – dom-insted by JAL – although this was opened up somewhat this year when Virgin Atlantic started flights to Tokyo. In response, domestic Japanese carrier All Nippon Airways started a scheduled service to London.





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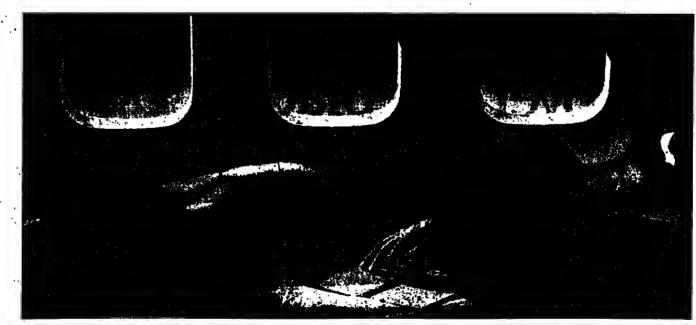
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### **BUSINESS TRAVEL 10**

### BUSINESS CITIES: New York has much to offer, but at a price

## Expensive havens of rest amid the clamour of Babel

WITH THE aid of a limitless expense account, a business trip to New York city can be extremely pleasant. The city boasts some of the world's best restanrants, hotels and theatres.

Given a choice, 1 would stay at the Carlyle Hotel, a beautifully maintained, mainly resi-dential botel on the Upper East Side, only steps away from the Whitney, Metropolitan, Frick

and Guggenheim museums. The hotel is home to such luminaries as Jack Nicbolson, Sam Shepard and Jessica Lang. Rooms are decked out with desks with telephones, comfy chairs, standard lamps, higb quality tape-deck etereo systems and video recorders. Most baths are fitted witb

Jacuzzi jets. Other top hotels include the Pierre (5th Avenue and 61st, tel: 838 8000) and the Plaza (5th Avenue and 59th, tel: 759 3000) clustered around the south east tip of Central Park.

One noteworthy addition is the Royalton (44 West 44th street, *iel: 730 1344*) the Memphis-styled project of controversial French designer Phi-

lippe Starck. Most New York-based companies rely on limousine ser-vices to get their executives to appointments on time. Taxis are plentiful outside the rush hour, but in bad weather they are scarce. Traffic is a peren-nial problem in the city, so plenty of time should be allot-

ted to get to meetings. French restaurants dominate the list of the city's best. Lutece (249 East 50th street: 752-2225), is perhaps the most famous and is always reliable. Other favourites include La Cote Basque (688-6525) and Le Bernardin (489 1515).

For more authentic New York flavour, go to the Rain-bow Room on the 65th floor of the RCA building in Rockefeller Plaza, The setting is art deco at its best. But the menu is not as spectacular as the eagle's view of the city. With its big band and revolving dance floor, the Rainbow Room is probably too romantic for the standard business meal, but it would be a plty to miss it

on a first trip to the city. Unfortunately, the combined cost of a night at the Carlyle. dinner at Lutece and an end-less supply of limousines could easily run to \$600 (£380) a day. New York does not have to gnaw a bole in the business

34 di N Sant 3

New York some of the world's best restaurants, he and theatres for those with limitless expense accounts

cheap, good botel in the city, there are a number of comfort-able, reasonably priced hotels. The following are located centrally and will run at roughly \$120 a night: Esplanade (874 5000) on 74th Street and West End Avenue near the Lincoln Centre; the Algonguin (340 6300); Beverly (Lexington and 50th, 753 2700); Morgans (237 Madison Avenue, 686 0300) and the Empire (1889 Broadto travel by public transport in New York. Buses ply most of

the big avenues, such as Fifth, but they tend to be slow. The subway is generally the fastest way to cross the city, emcodulity since the system is especially since the system is blessed with a number of express trains, which skip most local stops and can cut journey times by half. Guards ride in the middle of the train and are useful for security and directio

New York'e subway platforms may smell worse and look raunchier than their London or Paris counterparts, but the system is no more dangerous and the same rules apply. Women should remove

ostentatious jewellery and should avoid empty cars and platforms. New Yorkers with cab fares tend to shun the subway after 9 pm. It is rare to find a subway map on station platforms, so it is essential to get directions before heading underground.

There is a subway line which runs to JFK International Air-port, but it is not the most sant or convenient way to

arrive in New York. Cabs at the airport are plentiful but expensive. Buses are cheaper, but no more conve-nient than the underground. A happy compromise is to find the airport's ground transpor-tation counter where, for a fixed price, usually about \$15, yon can arrange to share a car or van into the city. It's safe, It's cheaper than a taxi and it takes you door to door. JFK is a 20th Century

approximation of Babel. If at all possible, arrange to arrive at Newark which is less chaotic and where flights are more likely to land and take off on time. The only problem with Newark is that it is in New Jersey, making cab rides and phone calls to neighbouring New York more expensive. Finally, a financial note for foreigners. A colleague's vaca-

tion to New York was nearly ruined recently by the fact that he was travelling with sterling travellers cheques. It is inordinately difficult to

exchange foreign currency in New York since the city is fall of small banks and branches without foreign currency desks. Furthermore, bank tell ers are suspicious of unknown issuers of travellers cheques, so travel with a well-known hrand, such as American Express or Visa.

Karen Zagor

The local airfield beats the traffic jams, says Lynton McLain

## Passengers call the tune

IMAGINE A demand, at short notice, from an important customer in the Ruhr, West Ger-many. He wants to see his main supplier that morning. A telephone dialogue will not do, neither will a discussion via the facsimile and telex mach

The customer wants the managing director of Consolidated Sprocket-Brsckets on his doorstep within two hours. Airlines, any airline, accord

ing to the timetable, simply will not get the executive there on time. He is two bours away from the nearest main airport. He risks losing the confidence of one of his most loyal cus-tomers and could lose a multi-million pound contract for the latest double-barrelled sprocket-bracket

The main production plant and head office of Consolidated Sprocket Brackets just happens to be close to a small airfield. Until the present crisis the executive had not considered using one of the many small aircraft that are based there. The time is ripe for an experimeot in travel logistics that could save the company's repu-tation and keep an important

customer happy. A telephone call to one of the airport's air taxi companies elicits the response that a five-seat twin turbo-propeller pow-ered aircraft could be airborne within half an hour. The directors might just make it. The advantage of an air taxi

service is that the passenger calls the tune and decides when the sircraft takes off. He or she is not dictated to by an airline timetable.

There are other advantages for the busy business execu-tive, not least of which is the welcome isolation from the crowded, stressful terminals that make up much of western Europe's air transport system. Most airfields that are used by air taxi companies are away from cities and conurbations. Access to the airfields is gener-ally easier than the struggle

down the motorways to the main airports. Once on board an air taxi executives have peace of mind to coocentrate on the immedi-ate business of the day. The in-flight entertainment could

be their board meeting. Small aircraft generally are used for air taxis and for charter. They have access to small, dispersed airfields and the 900 for a transatlantic flight, would cost about £58,000. chances are one of these would Still at the luxury end of the market stands the Learjet. To be nearer an outlying factory or office than one of the main gateway airports.



soult Falcon 900: French thre dned busine can provide relief from the almost blues (below

crucial business meetings. Starting with the ultra lux-ury end of the market, the air-The authority said that to develop fully, business aviation needed access to the largest craft available for air taxi airports, including Heathrow operations range from the lux-ury Dassault Falcon 900, a and Gatwick, for those custom-ers who wished to connect French three engined business jet, to the more modest Beechwith scheduled services. Yet access to those airports had been a problem for some years. craft Kingair. The Falcon is available, if necessary, com-plete with bedroom, dining room, sitting room and video equipment. Hiring the Falcon The last detailed study of the facilities available to business

aviation was carried out by the Business Aviation Working Group of the Department of Transport in 1984. It showed that movements by business aircraft seeking airways, the routes taken by the large commercial airliners, could grow by between 4 per cent and 10 per cent per annum between 1982 and 1995. One of the main difficulties

experienced by business operators was obtaining pre-ar-ranged slots in the daily timetable of take-offe at Heathrow and Gatwick alrports at the

Generally, this is not a prob-lem for air taxi and corporate business gircraft operators at smaller airfields outside the air traffic control zones of the

leading airports. These smaller airports, within 40 miles of London, include Biggin Hill, Farnbor-ough, Hatfield, Leavesden, Luton, Northolt, Stansted and Southend. The under-used Royal Air Force station at Manston, on the far east coast of Kent, also has a role for

ss aircraft. At Farnborough, the site of the Royal Aerospace Establishment, a business aviation centre bas been created, on under-used land made available by the Ministry of Defence, with facilities dedi-cated to business aviation. The centre is owned by the Farm borough Aerospace Develop-ment Corporation, part of the Carroll group and will be oper-ated by the Carroll Aircraft Corporation\_

The CAA said that the airports near to London would have an important role to play in meeting the expected increase in demand for air services in the London area, but in its formal advice to the Secretary of State for Transport the CAA appeared to believe that business customers could be served by scheduled airline services,

The granting of the right of access of business aircraft to the main airports would displace scheduled aircraft move-ments carrying larger numbers of business travellers, according to the authority.

This view seems to ignore the need for business aircraft to augment existing airline ser-



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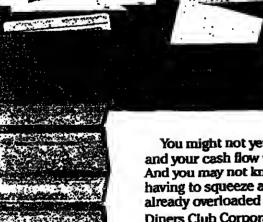
can reduce bills by as much as Most big car hire companies offer corporate rates. Not that anyone would be advised to

hire a car. The rates are among the highest in the US, parking is all but impossible and the likelihood of being broken into is almost a guarantee. Further-more, driving in New Yorkrequires the same skills as negotiating the streets of

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way, 265 7400). Otherwise, ask for a corpo-Mexico City. traveller's pocket. Although rate rate at one of the big Contrary to prevailing there is no such thing as a hotels. Corporate discounts rumours, it is reasonably safe

# How to control your executives when they're charging all over the place...



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hire a Learjet to fly executives from Gatwick airport, to Bos-ton, Massachusetts, with two The advantages of an air taxi or a specially chartered flight are probably greater than the comparable advantages of a conventional taxi on the stops en route, would cost about £18,000. The turbo-propeller Beech-craft Kingair would cost £3,000 for four passengers for a day return journey from Lincol-

ground, where there is no escape from congestion. The ready access to a flight France.

Access to the airfields is generally easier than the struggle

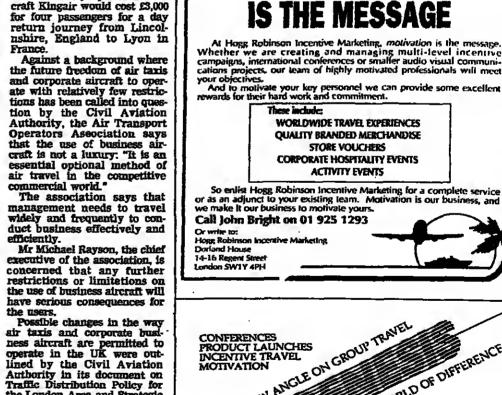
down the motorways at a time chosen by the indi-vidual; privacy and lack of con-gestion at the airfield; speedy access to and from the airfield and freedom to choose the return flight are some of the

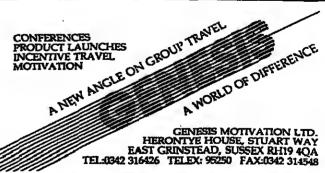
return flight are some of the more obvious benefits. Add to these the prospect of avoiding hotel bills in the country or city to be visited and the reduced disruption to family life, and the executive has a potentially unbeatable choice, assuming the cost of the air fari earlier or aircraft the air taxi service or aircraft charter is justified by the Air taxi services are oper-ated by several UK companies.

ated by several UK companies. Details of just about every aircraft on the world register are recorded by a specialised air charter broker. Air London. The company is able to arrange the charter or hire of most types of aircraft any-where in the world, using a computer technique it calls systematic aircraft location. This type of service simpli-This type of service simpli-fies the task of the business

the London Area and Strategic Options for the Long Term, published earlier this year. The CAA said where con-straints on airport capacity and runways bits they have a executive seeking, often at short notice, an air taxi to fly him or her to distant lands for "serious effect particularly on the business aviation market."

mercial world."





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### **BUSINESS TRAVEL 11**

not to know the subway which is sale, efficient and tidy

Creat Hotels: provides women with its Lady Creat service

Businesswomen on the move

Colour of the

SPORTS-LOVING business travellers visiting Canada's commercial and financial hub will shortly have an attractive new option to consider when deciding where to spend the

deciating which is a state of the state of the skyDome hotel should be fully operational. The hotel, part of the skyDome statium - the skyDome statium - the skyDome state of the city's new C\$550m (£305m) aports complex which boasts a Hard Rock cafe and a retract-able roof among other ameni-ties - will have 71 rooms over-

looking the playing surface. Nightly rates will range from C\$175 (about average for a Toronto Insury hote) to C\$850 for a bi-level suite, Rooms with a view will start at C\$275 a night for dates when events are scheduled.

With bookings already com-ing in for special occasions such as baseball's 1991 all-stargame, it will clearly pay to plan ahead.

The stadium is centrally located, so the hotel should be relatively convenient for busi-

However, for those seeking to avoid the soulless anonym-ity which can pervade even the best chain hotels, the hostelry of choice in Toronto remains the Window Arms

of choice in Toronto remains the Windsor Arms. This small hotel, recently purchased by Japanese inter-ests in the shape of Edoken Canada, is situated near the expensive Yorkville shopping area, a ten-minute taxi ride from the financial district. Individually (and idiosyncrati-cally) furnished rooms lend it something of the air of a counteas are strongly recom-mended, as is the Three Small Rooms restaurant.

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CINCINNATI

Rooms restaurant. The general standard of res-taurants in Toronto has risen by leaps and bounds over the past two decades, the legacy partly of the accelerating influx of immigrants into the city from all corners of the

try mansion. The hotel's high globe. Most of the ethnic tastes are Most of the ethnic tastes are catered for. The city's sprawi-ing Chinatown, centred on Dundas Street and Spedina Avenue, is a particularly happy hunting ground. Probably the best restaurant in town for the certified

"foodie" is Jamie Kennedy's adventurous Palmerstons,

about a mile west of the city centre on College Street. The menu, specialising in unusual combinations of flavoura, is as exuberant as the waiters and the setting are superior. Street, the setting are anstare. Sweet-breads are a speciality. Expect to pay C\$60-C\$70 per head, including wine. In the medium price range, the Cajun restaurant Southern

Accents - on Markham Street near the garish Honest Ed's department store - is hard to best, not least for its gener-ously proportioned cocktails. Blackened and bronzed dishes are uniformly flavourful and succulent. For spice lovers, piquant shrimp and voodoo pasta are the order of the day. Service is ontstanding.

Advance bookings are advised for both establishments. Among the pick of the bunch in the cheap and cheerful cate-gary is The Real Jerk, a rancous West Indian restaurant on Queen Street east. A range of roti and curry

dishes is on offer, as well as a surprisingly delicately spiced Jerk chicken. It is not unusual to escape for less than C\$15 per person. It helps if you enjoy a resuse music accompaniment.

reggae music accompaniment. Recommended at lunchtime are Songam, an unprepossessing Indian restaurant on Bay Street which serves a first class luncheon buffet catering particularly well for vegetarians, and Simcoes, an up-mar-ket pasta eatery. The latter also boasts a fine selection of fruit sorbets.

On a less cheerful note, it is worth bearing in mind that Toronto's traffic problem is getting worse. Two upshots of this are: first, allow at least an hour for the trip to the airport if departing between 2.30 pm and 8 pm. Second, become familiar with the subway. This is safe, efficient and very, very tidy. As one New York tidy. As one New York acquaintance remarked: "Jeez, it's cleaner than my house in here."

Finally, although everybody knows that Canada is cold in winter, Toronto's oppressive summer heat and humidity is often overlooked.

If visiting between June and early September, lightweight clothing is accordingly indis-pensable.

FUROPE

**David Owen** 

credit card is yet just the same

> THE BUSINESS travel ness travellers would not industry is shooting itself in ithe foot with its continued pol-icy of treating women business travellers as second-class. citi-zens, say high-flying female executives.

executives. Women represent 20 per cent of Britain's business travellers and are the fastest growing market in the Industry. They place significant demands on travel services and their posi-tioning in the market is not going to disappear. Demographically, it is esti-mated that by 2000 women will take four out of five new jobs.

take four out of five new jobs. Britain is sitting on a recruit-ment time bomb. The population slump of the 1970s is already having a knock-on effect with labour shortages manifesting themselves in cer-

and are the fastest growing market in

retary. Having run the gauntlet on the flight, many women face further hurdles when they reach the hotel. The survey

showed that single women are at best leered at in the hotel har and at worst propositioned as prostitutes. Many preferred to eat alone in their rooms to

avoid harassment from buai-nessmen and male hotal staff. It is not surprising that secu-rity was most important to bucknessmenon traveling. All businesswomen travellers. All felt that chains and peep holes should be standard on hotel doors, that room numbers should be confidential and that

women represent 20 per cent of Britain's business travellers Women wat segrega-Few women want segrega-tion in hotels and instead, believe certain thoughtful tweaks to the system would render most hotels plea stays. "Women would not feel the need to be segregated if the need to be segregated if, they knew they could get appropriate service, security and facilities in every hotel they stayed in," emphasizes Ms Cochrane. "All that is needed is a change of attitude and a little more thought and consideration shown by management staff and other guests so that women can travel freely," she

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BUSINESS CITIES: Toronto offers a room with a sporting view

Playing the SkyDome option

XI

the industry

to fill the vacancies. Only last month Mr Norman Fowler, the Employment Secretary, called for companies to start provid-ing better childcare facilities as an incentive to enticing women into the workplace. Groups such as Equal Opportunities Commission are actively lobby-ing for crèches and subsidised child-minder rates.

In other words, business women travellers are not going to go away. They may make slightly different demands than their male counterparts but the colour of their credit cards is just the same.

Women business travellers are big business. According to Ms Maureen Flizgerald, a busi-mess development manager for Unisys and member of tha swoman's Travel Club set up two years ago to repre-sent female jet-setters, the travel industry is missing out

travel industry is missing out on a golden opportunity to win new clients from which rich pickings are to be made. "Women travelling on busi-ness are accepted on suffer-ance, as an oddity which may go away if ignored ... Yet they are easily identified and their needs are easy to astisfy their needs are easy to satisfy within existing frameworks invariably at low cost," she

Says. "In ignoring this market sec-tor, the travel industry is breaking one of the most fun-damental rules of good basi-ness management — spot a trend and milk it for all its worth - and mus n so all its worth - and in so doing it diminishes its ability to gener-ate profits while simultanating substantial neously alle numbers of its customers."

Both society and the travel industry itself are culturel for stareotyping women. And it is not just a figment of their ination. **IDASS** 

A survey commissioned by the Business Woman's Travel Carl showed that women were treated like second-class citizens when travelling abroad. Asked about airlines, about half of the 146 women questioned felt that cahin crews gave them far less attention than men. Many complained that a good deal of sexism came from the stewardessesthemselves who fawned over men while ignoring women

DASSEDRETS. Some airlines made the bio-logical assumption that, as potential mothers, female busi-

says. Of course, many companies have adopted these ideas. Crest Hotels, for example, singles out women with its Lady Crest service by providing more hang-ing space, softer decor, and rooms near lifts with spy holes

on the doors. Ramada Hotels does not provide special hotels for women but has a company training scheme which every member of staff goes through to develop

Few women want segregation in hotels

and believe thoughtful tweaks to the system would render most hotels pleasant

positive attitudes to women. The international Marriott chain does not segregate rooms either, and chains its policy is to provide high quality service and security for everyone. Perhaps 'companies should

take a note ont of Richard Branson's book. Virgin Atlantic airlines' latest television advert plays on the women business traveller theme. The classy female business eracu-tive is seen enjoying top-class service from airline staff and feeling relaxed enough to ogle

at a male steward. It would not harm certain travel companies to follow that

example of true equality. Travel industry policy tends to ignore the rapidly-growing market of women business travellers. It will be their financial loss when rivals recognize the benefits of treating women equally. As Ms Fitzgerald frankly

points out: "What customer will pay to use a service which pretends she doesn't exist. when there is a competitor who has laid out the red carpet

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to welcome her?" Hélen Slingsby



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FINANCIAL TIMES WEDNESDAY NOVEMBER 15 1989

### **BUSINESS TRAVEL 12**

### European car rental companies are gearing up for the single market, reports Helen Slingsby

## A lacklustre image in need of some polish

THE CAR rental industry is in bnoyant state for the onslaught of 1992 bnt could improve market growth further by lifting other sectors, says a recent report hy the Economist Intelligence Unit on car rental in Europe.

Overall growth for the car hire industry is hovering at 7 per cent with Hertz still at the top of the table, Avis second and Europear third, following its merger this year with West German-based company Inter-

Hertz's deal with British Rail this spring to provide a 24-hour car rental service et 2,500 BR stations has consolidated this position. This service, called Executive Connection, allows travellers to reserve a car from one of the UK's top 15 stations

Hertz

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INTERNATIONAL TRAVEL.

as many a veteran globetrotter

will confirm, can broaden your

mind but play havoc with your

Falling prey to the Cairo Curse or the Tokyo Trots when

yon are thousands of miles

from home is no laughing mat-

ter, and stomach bugs are just one of a number of health haz-

ards facing today's frequent

figures show that 40 per cent of all international travellers are

hit hy stomach upsets while

World Health Organisation

traveller

£3.7bn.

Hertz

and have it waiting for them at a choice of 97 stations.

Large operators are reluc-tant to reveal a breakdown of figures but Avis, as a public limited company, is bound by law to do so. For the 1988 financial year car rental accounted for £282m - 54 per cent of gross turnover.

There is enormous potential for car hire companies to lar customers, accounting for increase market penetration. 33 and leaving the market grossly Revenue from car rental in Europe is estimated to he untappe about £2.4bm, in the UK it is 5500m, up \$50m from last year, but the industry is still light

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het may be growing by 7 per cent, since only 5 per cent of Europeans have ever hired a car, compared with 20 per cent of Americans, it is becoming years behind the US, which generates revenues of about clear that much more can be Car hire itself has a somewhat lacklustre image, over-shadowed by other sectors of done to expand the boundaries of trade practice within of

the leisure industry. Business rentals make up the business travel industry. Often the bureaucracy of

actually hiring a car puts off the bulk of car hire revenue, accounting for two-thirds of potential customers. This probably accounts for the fact that. the total European market. according to the EIU report, However, the report notes that growth in this sector is only 25 per cent of the UK adult population has hired a unspectacular" and that there vehicle, and less than half of these has hired a car. Of this is more potential to be gained from the underdeveloped leifigure only 8 per cent are regusure market Holidaymakers are increasper cent of total business ingly keen to travel independently with more of an eye on

a country's landscape and col-ture than its beaches and nigh-Though the European martlife. It is here that car rental companies can make a killing. They will tend to be smaller outfits with a corporate profile based on providing cheap and cheerful cars at the lowest pos-

It is here, also, that travel

agents and the car rental industry are missing the opportunity to team up, says the report. Only 20 per cent of car rental bookings are made via a travel agent but with the onslaught of computer registration systems, they will be able to book the car simultaneously with the hotel, flight

or holiday. Whoever gets in first is likely to receive a lift to revenue and corporate profile. For the likes of Avis, Hertz, Europ car and Bndget they would only be consolidating their status in the market.

Avis recently spent almost £2m on television advertising to highlight corporate position ing and drive home its ma of reliability and availability. The report predicts the only

way Avis, with 100,000 cars in Europe and some 1,700 loca-tions, and indeed many of the larger outfits, will expand is by merger and acquisition.

Heriz is good at promoting itself. Its Number One Card, a yellow credit card which allows rentals to be processed quickly, is one reason why it andles 7m rentals a year. The US operator, Thrifty Car

Rentals which as its name suggests, offers cut-price deals, is planning 350 locations in the UK to match the number in the

A £40m cash injection by Tozer Kemsley and Millbourn, the .motor distributor and retailer, has given Kenning a bright new image while truly cosmopolitan Fuller Ansa International is poised for pan-

Buropeen expansion. Budget still strives to pro-vide value for money at its 3,500 outlets and is trying to expand its franchise business, having paid £2.7m for the Heathrow airport location. Budget'e top of the range cars should not clash with Guy Salmon's npmarket company,

over of £30m. The merger of British Swan National and US-based Dollar Rent a Car is intended to capitalise on an international image and capture the impulse uver.

Car rental in Europe still has a great deal more potential in terms of capturing new mar-kets. A report by Euromonitor confirms this news. The Conti-nent augurs well for the car hotels. tured in the top 50 world hotel rankings voted by readers of hire industry and the bright Institutional Investor magazine prospects are expected in the UK, whose market has more ast year. This was more than for any other international than doubled in value in four hotel group. Yet Four Seasons has tradivears.

tionally kept a low profile since Mr isadore Sharp, the company's chairman, founded UK just inside the top ten. the first Four Seasons hotel in Most health experts expect the figures to rise steeply over the

downtown Toronto in 1961. But that policy is changing. "We believe that there are next three to five years. Travellers abroad are 100 advantages in making our cortimes more likely to contract porate name better known. Aids than the less adventurous especially in Europe," says Mr who stay at home.

Many countries rontinely screen blood donors for the dis-Hence, the Inn on the Park hotel in London's Park Lane ease, though early calls by will in future be subtly re-posisome governments for Aids tioned as the Four Seasons Inn on the Park. This hotel is free certificates from visitors have foundered, since the fivealready one of the favourite year plus incubation period haunts for Canadian and US makes them largely meaningbusiness travellers. In fact, it less.

boasts both the best achieved room rates and the highest Drugs on the market are as yet unable to destroy the virus occupancy rates of any London in situ, merely slowing down its debilitating effects on the Four Seasons, however, is body's immune system.

not always in a position to While the hunt for a medical imprint its corporate identity on its hotels. When it took overbreakthrough continnes, the best vaccine at present is celifrom Trusthouse Forte) the

roadside motel he designed and built for his father, who ran a THE FOUR Seasons hotel group is something of an enigma in the world hotel construction company in the Toronto area. His first large hotel was the 126-room Pour industry. The Toronto-based chain has a spread of some of Seasons Motor hotel which was opened in a rather souty part the world's most inxurious of downtown Toronto in 1961 st Six of its 22 hotels were fea-

a cost of CEL5m. in spite of its location, the hotel had a rather abani-garde Inner conrivard which attracted an up-market clien-tele. His second hotel, also in Toronto and opened in 1963, was larger and more impres-sive. But it was the opening of the Inn on the Park in London in 1970 that firmly determined

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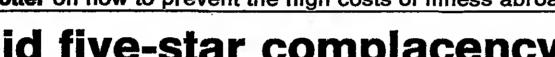
"We saw that the niche in the market for us was really up-scale hotels aimed at the top business and independent leisure travellers," says Mr

"We were not interested in

Four Seasons hotel group has traditionally kept a low profile

just becoming another chain like the Marriott or Hysti, but in developing a small number of large luxury hotels."

The Four Seasons style is to go for the degree of service usually associated with southeast Asian hotel groups but, seen in North America. seen in North America. The strategy has so far paid off and Four Seasons - like its competitors - is seeking fur-ther hurry hotels in new mar-kets such as continental Europe and the Far East. Recently it concluded a deal with the Japanese Fujita group to run several Four Seasons hotels in Japan. hotels in Japan. Mr Sharp's plans for Four Seasons in the 1990s include moving into the resort hotels market aimed at the affluent leisure traveller and conventions and incentives groups.

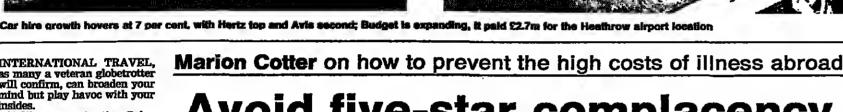


abroad, with almost a third of sufferers confined to bed and a different matter. Flitting between continents armed many more obliged to alter with little but a box of headache tablets is hardly playing Bouts of diarrhoes may not

it safe. Business people used to of unfamiliar cuisine, but dys-entery, salmonella poisoning and other gastric illnesses are boarding a jet at the drop of a hat can be astonishingly blasé about health risks abroad.

**Two additional** 

sound too sinister a side effect



**Avoid five-star complacency** 

health

The state of the state of the state

Prazignantel capsules can Many are poorly informed on

combat bilharzia - a disease transmitted by larvae living in stagnant water - while anti-malarial tablets are an effec-tive barrier in countries where mosquitoes are a menace.

British Airways operates a network of 17 UK travel clinics (some under franchise) which provide immunisations, antimalarial pills and health items such as water purifiers, mos-quito nets, needles and syringe packs and insect repellants.

Four are located in central London, including one handy the Recorded information giving full details and addresses is available on 01-831 5333. One useful health bible is Dr Richard Dawood's Travellers' Health: How to Stay Healthy Abroad, published by Oxford University Press. Another source of good advice is MASTA, the Medical Advisory Service for Travellers Abroad (tel 01-631 4408), which

inn on the Paric in line for sobile re-ocalitoning **PROFILE:** Four Seasons

## In search of group identity



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disorders than a battery of vac-cinations. Most seasoned travellers take care to avoid salads, tap water and unpeeled fruit in

medical matters and research suggests they are less likely to

be properly immunised than

abroad can be a harrowing -

not to mention costly - experi-ence. And business travellers,

often under pressure to com-plete a deal or a project, fre-quently work harder, smoke

more and drink more abroad than they do at home, thus

multiplying the risks to their

Basic food hygiene offers

Yet nnexpected illness

the average holidaymaker.

WHO figures show that 40 per cent of all International travellers are hit by stomach

### upsets while abroad

the tropics. Far fewer realise that dollops of mayonnaise (a notorious source of salmonella) and barely-cooked rare steaks can also spell trouble. Many wrongly assume that water smelling of chlorine is: safe to consume, or - another popular travellers' myth that alcohol sterilises a drink. Complacency is common in the artificially cocooned world of five-star hotels. Bear in mind that even the classiest-looking buffet can be

risky when food is left lying around at room temperature, and unless you are certain that the hitchens are spotless, eating food you have seen cooking in the local market can be a safer bet. Singapore's rigorously checked hawker stalls are a case in point.

Doctors have given thumbs down to some to the stronger anti-diarrhoea com-pounds, and many simply advise downing a rebydrating salt and sugar solution such as Dioralyte unless symptoms worsen. The important rule is to avoid alcohol and drink plenty of liquid.

Vaccines provide near cast-iron protection against many of the once-rampant killer diseases. Jabs to combat typhoid, yellow fever, cholera (now almost non-existent), polio and rabies are readily available, while a shot of gamma globulin will guard gainst hepatitis A.

UROPEAN

runs a computerised informa-tion bank, updated daily, on health hazards in more than 230 countries. A personal health brief matched to your filmerary and giving all the information on jabs and other precautions costs between £7 and £25, while a handy travel pack containing

clean syringes and needles costs £13.50 Good health insurance cover is vital for any frequent corpo-rate traveller. Europ Assis-tance, Royal Insurance and GESA are among the many organisations able to arrange medical repatriations or settle foreign hospital bills. Most offer a 24-hour emergency phone number. Charge card groups provide medical expense schemes. It is better to pay more for more cover since the cost of medical treatment in some parts of the world can be stag-Good health insurance cover

parts of the world can be stag-Jet travellers cannot have failed to notice the prolifera-tion of advertisements at air-

doms. The worldwide spread of the Aids virus has made. almost every country a risk area and prompted many glob-etrotters to radically alter their

social habits. Countries heading the World Health Organisation's official Aids league are the US (New York and California being the main centres), France, Brazil and West Germany, with the

ance of direct sexual contact. On the brighter side, there is no firm evidence that Aids can be contracted through saliva or Unexpected Illness abroad can be a

harrowing, not to mention rather costly, experience

cutlery and the odds of catching it from a mosquito that has previously bitten an Aids suf-ferer are reckoned to be about

one in 4,000m. Jet lag undoubtedly ranks as the most common malady afflicting air travellers. A best, it can leave sufferers feel ing jaded and disorientated and at worst it can lead to

insomnia, daytime drowsiness, poor concentration and irrita-

This is hardly the recipe for clinching a vital sales deal or coping with an exhausting day of meetings. Research is continuing into

anti-jet lag pills (some of which are now on sale) which suppos-edly speed up or slow down. energy levels according to the dictates of new time zones. The idea is that small doses of the neuro-hormone melatonin, which helps run our light-dark activity cycle, will help our body clocks adjust faster to new sleeping and waking rhythms.

Commos go a long way towards reduc-ing the side effects of having our internal clocks jolted into a

new mode. The best advice is to skip alcohol and heavy meals in-flight and avoid the temptation of a therapeutic nap on arrival. Opt instead for fresh air and exercise until the local clock, and not your body, says it is time for some shut-eye.

management contract for The Pierre in New York the owners were, not surprisingly, distinctly uninterested in chang-ing the hotel's name. Similarly, Four Seasons runs - but does not own - the Ritz-Carlton hotel in Chicago.

ITP.

Mr Sharp is unusual among the great names of the world hotel industry - such as Cesar Ritz at the turn of the century or Conrad Hilton in the 1950s - for having come to hotels via being more interested in architecture than inn-keeping.

He graduated as a qualified architect in 1952. Mr Sharp's first exposure to the hotel industry was a small

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**David Churchili** 

### **BUSINESS TRAVEL 13**

BUSINESS CITIES: Frankfurt may lack style but it has vitality, says Andrew Fisher



Fast limitations: BR's interCity 225, restricted to 140 m

**RAIL SERVICES** 

A high-speed ticket wins the **business** vote

ON THE face of it, the UK is lagging a long way behind its continental rivals in providing fast frequent rail services for business travellers.

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business travellers. France has the 300 kph (187 mph) Train a Grande Vitesse; the market leader in fast rail travel, Italy is building a 2,200 kilometre Alta Velocita net-work for its 250 kph Pendolino trains; and West Garmany is planning a 4,500 kph Durac fire work for its 250 kph InterCity

Express (GCE) system. British Rail, by contrast, is limited to 200 kph (125 mph) on its fastest routes, and its single plan for e new line – the pro-posed high speed link from London to the Channel tunnel - is in serious political and financial trouble.

In its own defence, BR points out that it does not have the resources to match the level of investment in research and development achieved by the leading continental railways, let alone to build the new lines required for travel at very high

speeds. BR is expected to operate as a commercial business on the smallest possible subsidy, unlike the continental rail-ways, all of which are heavily subsidied.

, The Union International des Chemins de Fer (International Railway Union) reported recently that the average pub-lic subsidy for European railriect ways in 1987 was 0.68 per cent of gross domestic product. The figure for BR was 0.27 per cent

it also recognizes that the on ity of its services is crucial if it is to compete successfully against the airlines and the

private car. InterCity has about 10 per cent of the UK business travel market (compared to about 85 per cent for private cars), and claims its market share is growing at a steady 7 per cent year. Business travel accounted

for about one-third of Inter-City's revenue of £803m last year. Profitability has become increasingly important since InterCity ceased to be eligible for Government subsidies in

April 1988. Mr Michael Beswick, Inter-City's business products man-ager, says service quality is important to the business travel market, especially on the routes from London to Manchester, Liverpool and Newcastle, where air competition is gree

"We are doing everything we can to improve the service by refurbishing the rolling stock, providing better seating, giving our staff, extra training and so ou. So far this year our traffic is holding up well, with increases of up to 20 per cent i on some services," Mr Beswick

The most obvious area in which BR has attempted to improve quality is the flagship Pullman fleet, reintroduced in 1985, which now accounts for 35 trains a day between London and premium destinations

## **Banking on its commercial attractions**

FRANKFURT IS the sort of place people tand to visit on business rather than place business rather than pleasure. It lacks the style of, say, Munich, Hamburg, or Cologne, but makes up for this with a vitality which matches or outpaces other cities.

As West Germany's banking and financial capital, housing its central bank, the country's biggest Stock Exchange, and its three biggest commercial banks, the city is an obvious commercial draw. It also has continental Europe'a busiest continental Europe's busiest airport and higgest railway sta-tion and is home to such big industrial companies as Hoechst, Metallgeselischaft and Deguess, with the Opel carmaker nearby. But Frankfurt has another business attraction, one that is expanding. This is the Messe (trade fair), one of the coun-try's five biggest along with

(trade fair), one of the coun-try's five biggest along with Hanover, Cologne, Dissellorf, and Manisch: Frankfurt holds seven of West Germany's 20 biggest fairs, including the Book Fair (the world'a largest), and the Motor Show. There is no mistaking when a big trade fair is on in Frank-furt. On the streets to and from the fair site, traffic slows to a crawl and hotels are fully booked as far as outlying towns such an Wiesbaden, Mains and Darmstaff.

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Frankfurt's top hotels have no compunction about charging DM400 (£140) or more for a room at fair times. But things are changing. A new Arabella Grand Hotel has just opened in the centre of Frankfurt and the Skeigenbergene Watel at the air-Steigenberger Hotel at the air-steigenberger Hotel at the air-tower. The Messe anthorities are considering whether they should build a combined new hotel and congress centre. Frankfurt's Social Demo-

Frankfurt is West Germany's banking and financial capital

cratic (SPD) mayor, Mr Volker Hauff, has made the promotion of the city as a European busi-ness and financial centre one of his priorities. Since the trade fair is an important eco-nomic factor for Frankfurt, it is vital that public transport links with the fairground be improved. It will take a few years before suburban rail links with the Messe are con-structed. structed.

structed. Owned by the city and the state of Hesse, the trade fair company (Messe Frankfurt GmbH) has invested more than DM750m this decade on modernising its exhibition halls and facilities which are

situated on a site of 400,000 sq metres. These include an impressive glass-roofed Galleria reception centre and an eye-catching Torhaus (gatebouse) of glass and stone in a structure that looks like a huge sandwich. These are being joined by a 55-storey. granite-clad skyscraper - the MesseTurm, being built by a

MesseTurm, being built by a US developer. Last year, the various fairs, some organised by Messe Frankfurt and others by trade organisations, brought in about 1.4m visitors, who came to see the offerings of 32,000 exhibitors. The fair organisers claim that Frankfurt is one of the world's most international exhibition centres, about 40 per cent of all US exhibitors in the Federal Republic come to the

cent of all US exhibitors in the Federal Republic come to the city, as well as 35 per cent of those from Asia and 30 per cent of Europeans. Frankfurt is trying to capi-talise on the increasing inter-nationalisation of its operations by exporting fairs. Two years ago, it introduced Interstoff Asia, e tertile trade fair, to Hong Kong. This month it is holding the fair for the third time with some 200 exhib-itors, twice as many as in 1987. itors, twice as many as in 1987, from 23 countries. Interstoff Asia, the south-

east Asian counterpart of Fran-furt's own Interstoff fairs, is

aimed at trade buyers from the Asian and Pacific region; most of the exhibitors will be from of the exhibitors will be nom Europe, though the proportion of Asian companies is rising. Next February, Messe Frank-furt goes to Tokyo for the equivalent of its regular Heim-textil household fabric fairs. Called Heimtextil Asia, it will have 220 exhibitors, mostly from Europe and the US. Frankfurt intends to do more

on the export side, says Mr Wolfgang Kater, a director of Messe Frankfurt.

Messe Frankfurt has just hosted a seven-in-one fair and confer-ence package called Marketing & Management Services which was directly related to the needs of business.

One section was concerned One section was concerned with the travel needs of man-agers and included nearly 200 exhibitors from the travel, hotel and congress sectors. Others included marketing ser-vices, broadcasti media and visual merchandising. The more successful Frank-furt becomes as a financial, trade and fair centre, the more acute will become the pressure on its infrastructure and facili-

on its infrastructure and facili-ties. Within the city, small by international standards with a 620,000 population, there are 17,500 hotel beds and some 2,000 available privately. In the sarrounding Rhine-Main

region, there are 23,000. Frankfurt has its sprinkling of anonymous internationalstyle hotels, such as the Intercontinental and the Marriott

(formerly the Piaza). There is also a Sheraton by the simport and Holiday Inns in and near the city. For real European elegance, though, the Frankfurter Hof and Hessischer Hof are hard to beat. The latter is only a stone's throw from the fair area.

#### The city has continental Europe's **busiest airport**

For visitors with more rarefied tastes and money to match, there are two hotels with a difference. South of Frankfurt is the stately Grav-enbruch Kempinski hotel, a favourite with those who do not feel the need to be right in the heart of the city. The Schloss Hotel in Kron-berg, a pretty village in the Taunns hills, is even more accounting with the hughed

seductive with its hushed blend of 19th century baronial splendour and modern comfort. For those who distike dining For those who dislike dialing in hotels, Frankfurt has plenty of choics. The range of eating places caters for all tastes and pockets and includes solid Ger-

man, more elaborate French and Italian, exotic Chinese, Japanese and Indian cooking and more than enough Ameri-can-style fast food outlets.

A favourite with bankers and advertising people is Flo-rian, an Italian restaurant in the West End office and residential district. Its pastel deco-ration and light ensine con-trast with the more subdued tones and ambience of the Galeria, under one of the city's banking towers. For a heavy-weight iunch, Mövenpick's Baron de la Mouette is appropriately plush and deferential. In the past 10 years or so, Frankfurt has worked hard to ahed its image as a city whose best feature was that it was easy to leave. The classical Alte Oper building has been restored as one of Germany's leading concert balls, the banks of the River Main conbanks of the krver Main con-tain a row of encellent muse-constructed near the cathedral. Frankfurt is not just a city of money and business, though that is what makes it tick. After West Berlin, it spends

more on culture than any other West German city. That, too, is a feature which the mayor intends to exploit in his drive to raise Frankfurt's international profile.

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of GDP.

**BR** says quality of services is crucial to compete against the airlines and the

## private car

There is also some doubt about whether very high speed trains running on specially-built track could be profitable in the UK even if the political problems of agreeing and financing a route could be

This is because of the dis-torting effects on transport demand of the demographic and economic dominance of London, which is in strong ntrast to the more decentralised economies of France, Italy

and West Germany. However, while HR may not be in the same league as the continental railweys, it is increasing average speeds on its existing track, mainly through electrification and fas-ter rolling stock.

The most important innova-tion is the InterCity 225 train, coming into service on the east coast main line between London and Edinburgh. It is being electrified in a £400m project due for completion in May

1991. The new trains are capable of 225 kph (140 mph), but for the tims being will be restricted to 200 kph, and will only run on the electrified section of line between London and Leeds, The service will be extended to Edinburgh when electrification is completed in 1991, and the fastest journey time from London will then be four hours - 26 minutes faster than at present.

The 225 kph service will not be introduced until 1993, when an Autometic Train Protection (ATP) signalling system should be in place. This would stop the trains automatically in the event of driver error, and is regarded as essential by BR for trains operating faster than

200 kph. Similar trains will probably be introduced later on BR's other electrified main lines. This will include the west coast main line from London to Glasgow, although track prob-lems will probably restrict train speeds to 200 kph. However, while speed and reliability are essential to attract business users, BR says

Liverbox Manchester, Blackpool, Bir-mingham, Leeds, Newcastle, Plymouth and south Wales. All the Pullman trains have

All the Pullman trains have been refurbished, and BR's lat-'est Mark IV coaches have been introduced on the morning Yorkshire Pullman service from Leeds to London. Mark IV coaches will gradually be intro-duced throughout the InterCity network over the next decade of so.

At the other end of the mar ket, 60 per cent of InterCity's business travel revenue comes from people travelling on stan-dard class tickets (formerly called second class). These customers are largely junior exec-utives and the self-employed, and they form an important

target for BR's marketing effort. "Standard class customers are very important to us for two reasons," says Mr Beswick. "They are a large market which has to be looked after as well as possible, and they also tend to be a much younger market, so we hope that if we can attract them and keep them, these are the people who are going to be the first class passengers of the future."

in an attempt to expand this France has built the 300 kph Train a

Grande Vitesse; market leader in fast rali travel

market, InterCity has been testing a Silver Standard ser-vice on the Manchester and Liverpool routes which offers guaranteed seat reservations and meals in segregated car-riages to holders of fail-price standard class tickets.

The idea is to separate stan-dard class business passengers from family and teenage pas-sengers travelling on various forms of cut-price tickets, and to provide an environment in which the junior executive will feel he can get some work

BR says the service has increased revenue by about 10 per cent on the two routes where it has been tested, and plans to extend it to the New-castle and Leeds services next year.

Kevin Brown



An Nippon Arrways

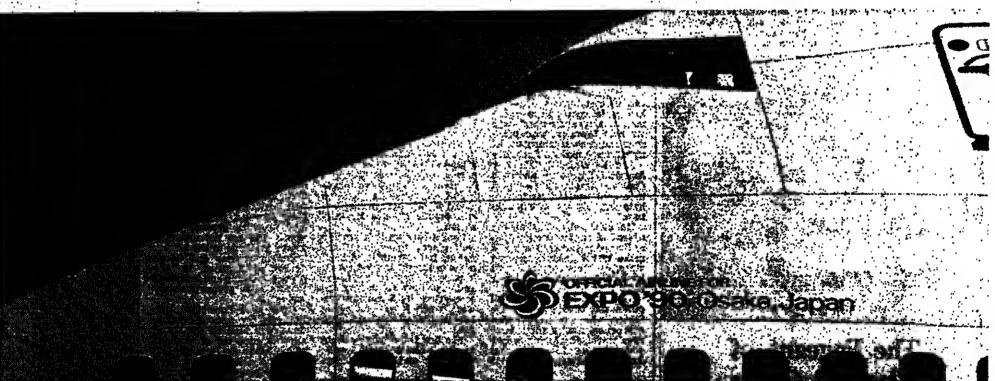
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**BUSINESS TRAVEL 14** 

BUSINESS CITIES: Hong Kong has seen a fall in demand, says Michael Marray

## Shorter queues offer food for thought

IN OCTOBER and November last year travellers rash enough to arrive in Hong Kong without a hotel booking found themselves hard-pressed to find a room for the night. Hotel managers were embarrassed to have to turn away even regular customers at the end of a year in which 5.6m visitors came to Hong Kong - 24 per cent more than in 1987.

One year later not only is there a choice of hotels on offer, but the same jet-lagged busineseman can probably even shop around for a significant discount - unheard-of during the peak season for several years.

The reason for the change is that the Hong Kong tourist industry has found itself caught between falling demand and a rising room supply.

New hotel openings have brought an extra 5,000 rooms onstream in the past 12 months, while at the same time the June crisis in Peking

This year is forecast to end with a 5 per cent overall drop in numbers of arrivals in spite of first-half growth of 8 per cent

has reduced ths number of as reduced the humber of tourists coming to Hong Kong – often packaged together with China as a destination. All of this adds up to bad

newe for the local tourist industry, but it may not be such a bad thing for the busi-ness traveller.

Slackening demand is freeing up seats on previously full flights in and out of Hong Kong, while the new Boeing 747-400 aircraft is providing extra non-stop connections between the British colony and European and North American cities, both by overseas airlines and Hong Kong's own Cathay

Pacific Airways. These factors should help Hong Kong's campaign to pro-mote itself as a venue for international conferences and exhihitions

One year ago the Hong Kong convention and exhibition centre opened its doors, with two 9,000 sq metre exhibition halls and a convention hall that can take up to 2,600 delegates, plus many small theatres and meet-

ing rooms. Events linsd up for 1990 range from the Interstoff Asia International Trade Fair for the Asian garment manufacturing industry and Iber 90, an international building exhibi-tion. Also just opened is the Hong Kong cultural centre, underlining that there is more to Hong Kong than making money, and offering more than ever in terms of orchestras,

opera (both the Chinese and

European varieties) and the performing arts in general. In late November and December the 2,100-seat concert hall will play host to the Boston Symphony Orchestra and the Vienna Berlin Ensem-ble, while at the Grand Theatre, which seats 1,750, you can catch Cantonese opera as well as the combination of the Royal Danish Ballet with the Hong Kong Philharmonic Orchestra.

But hack to business. In spite of the excellent cross-harbour links, the decision over where to stay etill depends upon your specific business interests. Hong Kong island houses the financial sector, while hotels in Kowloon offer convenient access to the thou-sands of buyer's offices and factories which provided the foundations for Hong Kong's economic miracle.

Number one with fashion huyers, and a regular con-tender for the best hotel in the Regent Hotel: number one with fashion buyers world title in surveys of bush-ness travellers, is the Regent. Situated at the tip of Tsim Sha Tsui, it has e breathtaking view of Hong Kong island across the harbour, and top class restaurants, such as Plume, offering French cuisine, and Cantonese food at Lai Ching Heen.

A few hundred yards sway at the historic Peninsula tea and scones are still served as they were in the 1980s In the lobby, with a string quartet to soothe you, while nostairs the famous Gaddi'e Restanrant, once described as the best res-taurant east of Suez, serves French cuisine in suitably opulent surroundings

Behind is the medium-priced Kowloon Hotel, also owned by complex. the same company - Hong-kong and Shanghai Hotels. Its lohby may not attempt to match that of the Peninsula, hat it is geared to the businessman, with a personal computer/TV in each room, and

downstairs an ingenious aid to the traveller grappling in taxis with the six tonnes of the Cantonese language. This comes in the form of a computer with several thousand street names on a database. You simply enter your destination and street number and it prints out a Chinese varsion on a ticket which you hand to your cah driver. Most of the new hotels are on Hong Kong island, and two

of the newest are the Grand Hyatt and the New World Harbour View (not to be confused with the Hyatt Regency or the New World over on Kowloonside), both of which form part of the convention centre For those who like to stay

with the tried and trusted, the long-established Hilton and Mandarin Oriental, both in the central business district, continue to dominate. In addition to being regularly voted one of the world's

best hotels, the Mandarin has the not inconsiderable advantage of being part of the network of bridges which link up most of the key huildings in Central (many of which are owned hy Hongkong Land which built the bridges).

On a hot day this provides air-conditioned comfort getting from A to B, while during a torrential downpour, when taxis are always hard to come by, they allow you get around Central in the dry. And of course there are the Mandarin's restaurants, such as the Mandarin Grill, french cuisine upstairs at Pierrot, and Can-tonese at Man Wah. The Hilton also has its own

highly rated grill room, as well as Cantonese and Pekingese food at the Eagle's Nest. For business travellers really

determined to explore the outer limits of their expense account, not surprisingly it is the Japanese restaurants which reign supreme.

travel purchasing

emanates from the

United States

The move follows hot on the

Cook's believes it is already

well placed to exploit these moves. It has bought back its name in the US and franchised

it back to Mr Robert Maxwell and is now planning to strengthen its European net-work when it announces its

new partner to succeed Wagon

The first travel agency chain

The Inagiku at the Peninsula offers an entrance over stepping stones through a sand garden, and specialities of sushi, tempura and teppanyaki. The Regent's Japanese restaurant is the Ginza, while over at the Hilton is the Genji. All have private tatami-matted rooms available.

Hong Kong prides itself as a shopper's paradise, and statis-tics show that in the first half of the year each visitor spent HK\$3,155 on shopping. At top of the table the Japa-

nese, over half a million of whom came to Hong Kong in the first six months of 1989. spent an average of HK\$4,995 each in local shops while staying only three nights.

This was twice as much as visitors from North America and Europe, and in the swish boutiques in arcades such as the Peninsula, Japanese tourists are to be seen queuing out-side (only a fixed number of customers are let in at a time)

signer luggage and for the de clothes that have made fortunes for names such as Raiph Lauren and Louis Vuitton. The queues are shorter this year, however. Tourism has taken a hlow in the wake of the violent clampdown in Peking, and the numbers of American and European tourists are now running at about 30 per cent below the same period last year, while visitors from Japan are down by 18 per cent

The Hong Kong Tourist Association has responded to

the alarming prospect of the first drop in Hong Kong's arrivals since 1971 by stepping up promotional efforts oversees, and trying to get across the message that Hong Kong remains a safe destination to visit, and that Peking was and remains over 1,000 miles away to the north. But some people. need convincing, with the result that in spite of first-half growth of 8 per cept, this year is forecast to end with a 5 per ent overall drop in numbers of arrivals.

unwelcome: for the bardpressed instruction trying to get on the waiting list for a connection to Taipel or book-ing a room in a favourite book. The inarist association hopes that the numbers of attivals will soon recover, but the increases will have to keep pace with yet more, hotal rooms which are on the way. The construction boom is not over, well-known names set to open their doors must year include the Conrad Hotel and the Shangri-La, followed in 1991 by the Ritz-Cariton.

Business travel agents may help to reduce expenditure, says Gillian Upton

Wan Fu can be hired for corporate enter l's brigantine



FINANCIAL TIMES WEDNESDAY NOVEMBER 15 1989

## Increasingly sophisticated market

SPECIALIST BUSINESS travel agents will claim there's no better time than now to enlist their help to manage travel bndgets.

An increasingly sophisticated market place, coupled with greater Europeanisation and even globalisation of businesses, has clearly separated the high street holiday shops from the business travel agents. This trend is also polar-



## The Pageant of **Classical China** at Taipei's Most **Exquisite Hotel**

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ising the larger from the fares; while corporate and bet-smaller agents in the business ter-than-corporate rates, in tantravel agency arena. It's taken for granted that

the specialist agent can slash a sizeable amount off your travel and entertainment expenditure (T&E): Issuing a corporate charge card for all travellers will immediately save 1 per cent on your cashflow; route rebates can shave 10 per cent off the money spent on air

ter-than-corporate rates, in tan-dem with rationalisation of hotels used, can pare between 30 per cent and 50 per cent off your hotel bill. Services such as 24-hour

svailability, airport meet and greet and fast visa and pass-port service have always been the bedrock of the specialist agent; increasingly, though, it is worldwide network and The push for global

global coverage that matters "Increasingly, the ICIs and IBMs are looking to link a deal across Europe to manage the various cost bases and they're

looking for management information across Europe," saya Mr Eric Brannan, vice prestheels of the airline and com-puter reservation systems dent and general manager, UK travel, for American Express.

(CRS) global alliances. "A stage further is that if airline alliances are consistent with CRS alliances then big And he stresses: The only American Express - and soon Cook's - which will be linked corporations can have meanto a card payment system to hslp simplify travel expendiingful relationships with one global supplier rather than sev-eral suppliers," says Mr Donture

He also believes that the advent of airline deregulation in Europe post-1992, which will make travel purchasing even more complicated, will put business travel agents on their

The push for global travel purchasing emanates from the States, where multi-nationals are consolidating their husi-ness travel purchasing world-wide. It is for this reason that

to offer a common CRS system worldwide and to consolidate American Express in the US

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management information has set np a multi-national sales force. "There's heen a scramble

which rests on using a com-mon accounting system - will over the last 12 months for scoop much of the global travel travel agents to organise worldwide alliances and servichusiness. Cook'e is widely rumoured to be launching a ing," confirms Mr John Don-aldson, managing director, cor-porate travel at Thomas Cook. charge card to fill the gap in its product offering. Such moves seem a million

miles away for the small to medium-size travel purchaser who, according to a recent survey, are still unaware that spe-cialist agencies exist.

In the first of an annual sur-vey on business travel, Pickds Business Travel surveyed 1,000 UK companies' existing travel arrangements. Some 64 per cent used a travel agent but, within that figure, only 19 per cent used a specialist. Small companies tended to book direct.

book direct. "There's still a lot of people" who don't know of the busi-ness travel agent," says Mr Colin Rainbow, Pickfords Busi-ness Travel's commercial director. "They get them all mud-died np with general travel agents and are not aware of what's available to them." Bnt awareness and usage

among companies in the finance, banking and insurance sectors was proportionately

higher. Good local knowledge, per-ticularly for remote destina-tions, was high on the list of services expected of business specialists in the Pickfords survey. But the industry as a whole is plagued by high staff turnover and inadequate train-

mg. We put all our staff through vigorous training," says Mr Rainbow, but he adds: "Getting good staff is still a problem as they get poached by other

agencies." "The biggest problem we had with large travel agencies was lack of continuity with staff," explains Mr Chris Lewinton, chairman of the British englneering company TI (formerly

Tube Investments). "The person gets to know the company and then leaves; a new person comes in and doesn't even know where New York is. Conversely, smaller compa-nies fared little better with Th

"Smaller companies are undercapitalised and don't have the back-up," he says. TT's solution was to go for a

medium-size husiness travel specialist, The Travel Company, which is the UK's largest independent. "It has had a continuity of ownership which in turn gives



American express card linked to payment system to simplify travel expenditure

泄

Brannen: travel purchasing will become more difficult

called Guildfare, which gave

the lowest possible air fares to

all its members accessed through a closed-user database.

Using specific airlines Guild-

commitment and that's of immense benefit to us. It's this mid-size; small enough to have hands on management."

Mr Alan Spence, chairman of the Guild of Business Travel Agents (GBTA), whose mem-In particular it gave greater buying muscle to the GBTA's smaller members. bers represent an estimated 75 fares undercut prices on first per cent of the business travel agents are generally older and and business class air fares on more experienced than those in most long-haul routes while its holiday shops. The GBTA has been lobbying for better train-ing, one of the fruits of which deals on European rontes negate the need for a Saturday night stay-away. The Guildfare price for a is the British Airways-sponbusiness class return trip; sored Academy of Travel Man-

"The depth of information GBTA members have is a vir-New York via Paris is £959, compared with the published price of £1,630; or a Guildfare tual guarantee to save the client money," says Mr Spence. economy class return Gatwick Two years ago the GBTA launched its own bucket shop, Newark (New York) midweek of £245 (no advance purchase/

no minimum stay) this compares with a low-season APEX price of £371 (21 day advance purchase and a seven day min-

imum stay). But is saving money the main criterion? "It's not down to a direct discount any more but a quality product," says Mr Steven Etchells, director of The Travel Company.

Two years ago companies asked about what discount we'd be able to give but they've had their fingers burnt. Large and small corporations are very willing now to discuss the service and product."

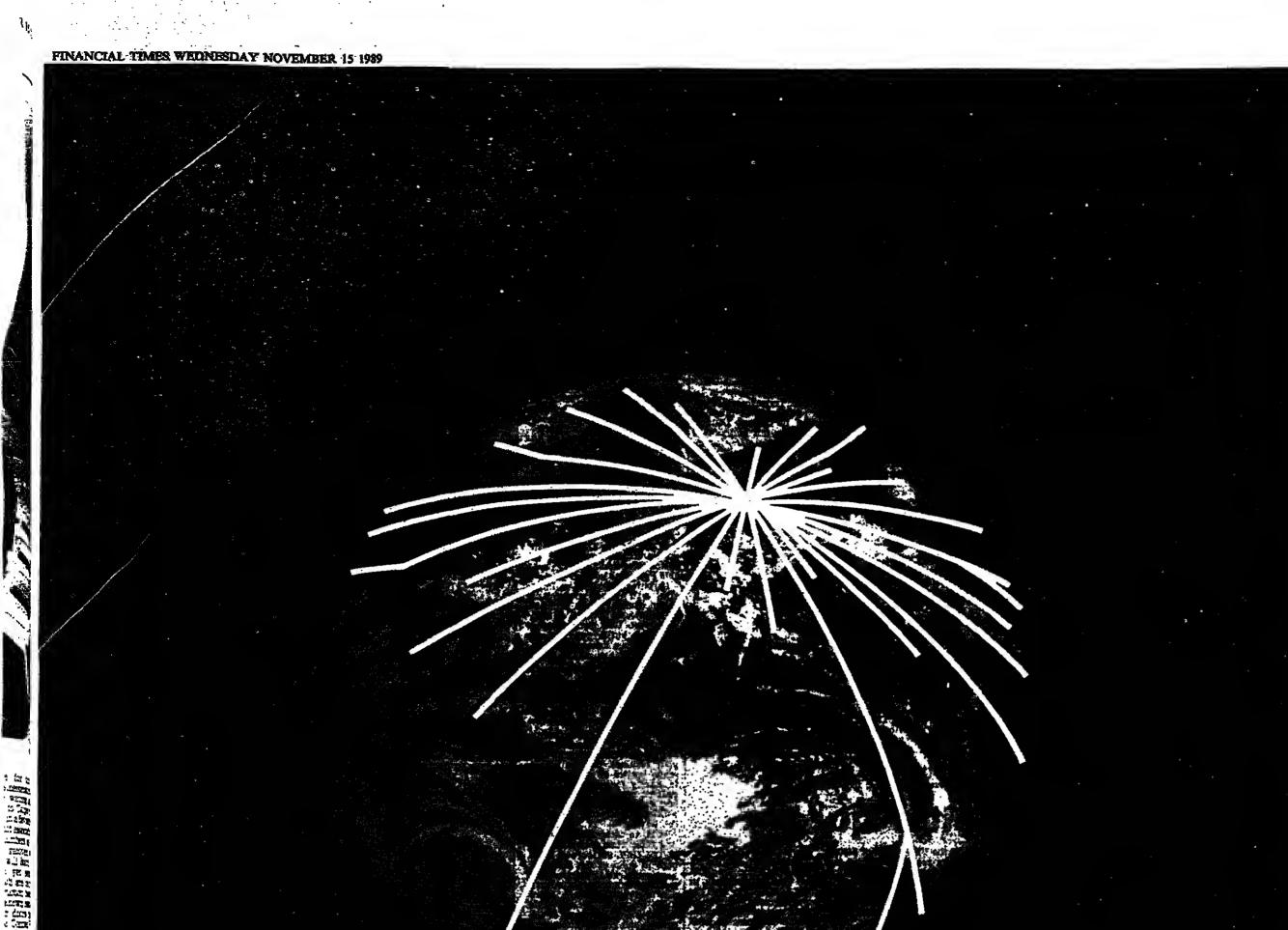
Mr John Watson, sales director at Hogg Robinson Business Travel, has also witnessed a trend away from discounts over the last 12 months.

"The corporate client now realises that a good service costs an agency," he says. They want value for money and are prepared to work on a fee-based travel management system."

This arrangement lets the gency give the client back all the income it earns from handling the client's business, is commission on bookings, route rebates and so on. In return the agency charges a monthly fee which has a profit built into it and which represents the agency's sole source of income.

Hogg Robinson has three Hogg Robinson has three such pilot schemes operating in the UK at present while Thomas Cook has just signed up a major UK corporation on a fee-based arrangement. "From a budgeting point of view the customer can define their own level of service." says Mr Donaldson of Cook's. "If they want the phone

Heathrow to JFK airport in "If they want the phone picked up after two rings that's fine, but they have to pay for it," he adds.



XV

## . The world's favourite airline?

They must be on a different planet.

It's a brave airline that claims to be the world's favourite.

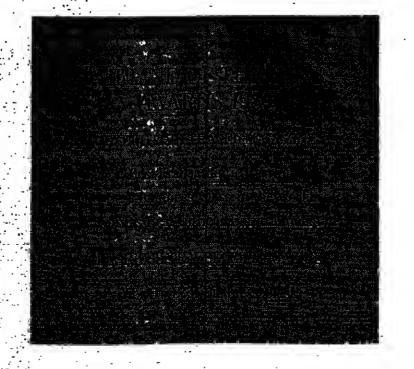
Now it seems the world has a different idea. For at the 1989 Executive Travel Airline of the Year Awards, Virgin Atlantic have emerged victorious. Those most demanding and, dare one say, discerning of people, the readers of Executive Travel Magazine voted Virgin Atlantic, Best Transatlantic Carrier.

It's not just over the Atlantic that they hold sway. For Virgin were also named Best Business Class in the World, above airlines they admire such as Singapore and Thai.

A choice that was quickly seconded by Business Traveller Magazine.

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### **BUSINESS TRAVEL 16**

BUSINESS CITIES: London is still the world's favourite

Far-flung business deals are a world apart, argues Gillian Upton

Bridge over the culture gap

# Taxis put litter in the dark

LONDON, in spite of all the street squalor and traffic jams, was voted this year by readers of Business Traveller magazine as the world's favourite business city ahead of such exotic destinations as Hong Kong. Singapore, and Paris. This accolade may come as e sur-prise to many Londoners but, invariably, residents of the world's capitals are probably the last to honour their cities' achievements.

A straw poll of American business travellers in the Upstairs Bar at the Savoy Hotel, for axample, elicited much enthusiasm for London. "Your taxis are the best in

the world," said one. "Compared to most cities I travel to, the taxi drivers know where they are going, even if it takes an age to get there!"

Perhaps the international business traveller, in his or her scramble to make meetings around the capital, does not notice the black refuse bags lining the streets awaiting collection or the general litter blowing to the wind. Such eyesores mean more to the ordinary tourist and it is no secret that London's tourist attractions this year have been hav-

what makes London so attractive to the business trav-eller are factors other than business: as Business Traveller points out "London has an unparalled range of cultural pursuits, restaurants, and busy nightlife.

What it lacks, however, are enough of the international conference and exhibition facilities that are available in most European and American cities but which London bas been

THE MARRIOTT hotel chain, has one of

the most comprehensive range of botel grades and locations, writes David Chur-

Marriott was formed more than 50 years

ago when J Willard and Alice S Marriott opened a nine-seat root beer stand called the Hot Shoppe in Washington DC.

There are Marriott hotels in all 50 US states and some 24 countries worldwide -

including Warsaw, which last month saw

the opening of Marriott's 500th hotel. Mar-

riott has hotels in all market segments -

it has pioneered the way in the budget

hotel sector, - and is involved in airport and other restaurant catering operations.

JAPAN AIRLINES

chill

Mr Michael Rusbridge, chief executive of Reed Exhibitions, points out that there is not enough. enough exhibition space in London. "The biggest single need in the exhibition industry

London has tried to catch np in the 1980s, with the Earls Court and Olympia conference and exhibition complex having e substantial face-lift and new facilities such as the Queen Elizabeth 11 conference centre

ing people abroad.

like with like.

have done more than they

opening in the heart of West- know to make London so minster. But it is clearly not The Barbican doubles up as

an arts and conference venue - bnt it still bas problems with its location and the lack of any top-class hotels nearby. or any top-class notes nearby. London, bowevar, bas a number of very good top hotels in a more central location pop-ular with top business travel-lers. The Savoy Group has a clutch of the best - Claridges, Connaught, the Berkeley, and the Savoy itself. The Four Seabusiness visitors, mainly because they offer a safe haven. But they can often be rather dull. Those looking for a rather more stylish place to sons Inn on the Park is particu-larly popular with Americans.

The weakness in the London market, however, is to the middle priced sector where there is an acute sbortage of good hotels. Snch a need is made all the more apparent by the fact that London's top hotels are said to be among the most expensiva in the world. At least they are according to e report from e company called Employment Conditions Abroad which supplies information to companies employ-

York and also is the main-spring for the business travel-ler's favourie type of theatre 's favourite type of theatre, the musical. Andrew Lloyd-Webber and Tim Rice may

GETTING USED to the Iberian relaxed attitude to punctuality, attractive for business travel-lers, although it is *Miss Saigon* (not written by either Lloyd Tentonic road-bogging driving habits and the fog of Gaullois during meetings with French counterparts is all part of the Webber or Rice) which is the hottest show in town.

UK culture gap that is gradn-London also can still offer good quality restaurants at prices below those in either Tokyo or New York, although ally being narrowed as the countdown to 1992 and the single European market gets CLOSEL eating out is gradually becom Doing business abroad is ing more expensive in the capi-tal. Hotel restaurants are usunever easy but doing it with continental Europe is probably easier than trying to clinch ally the most popular with contracts in far-flung parts of

the world. In spite of British resistance to learn German or French, many international business travellers prefer the thought of selling seven-inch widgets to continental Europe to calling on Japanese, Middle Eastern or African business contracts on their bome territory.

There is no easy way round the perils and pitfalls of doing business in these particular regions. All one can do is advise thorough homework before touching down on for-eign soil. In the Gulf, English is the *lingua franca* but in Africa you must speak pass-

pittalls of doing

A middle man is important; he will know whom to per-suade to get a signature to seal your contract. On the lowest

The plus of this one-manband-style meeting is quick decisions followed, inevitably, by delays from your slda because of having to refer to head office for a decision. But

not rely on your hotel booking being honoured; when you arrive, the counter staff may deny all knowledge of it. If you have any contacts, get them to

Fitzgerald, an old African hand In Japan business etiquette

landed the order. Rather, it means that your opposite num-ber is still listening.

Fabrfield Inn was Marriott's entry into the economy sector in 1987. Each hotel free, and offers a wide range of other benetypically has 130 rooms. Marrlott's Court The international hotels, tend to be of a yard hotels were the first of the new mid higher standard and Marriott has earprice hotels in the US offering a high level of service without all the extra facilities associated with up market hotels. marked Europe as a large area for expan-sion. The Munich Marriott, for example, is due to open in spring next year.

CHANEL

Marriott has more than 180 Courtyard

**PROFILE:** Marriott

A shrvey of top botels around the world disclosed that London's four-star hotels at an average of £90 a night last year were the most expen-sive in the world. London's boteliers, not surprisingly,

pour scorn on such surveys, arguing thet they do not treat London, bowever, clearly does have cheaper theatre seat prices than cities such as New

cost of \$400m

the two buzzy, in places of the moment - Orso in Wellington Street near Covent Garden or the Caprice just behind the Ritz hotel off Piccadilly. Nightclnbs in London, like

in most international cities, fall into two main types: those that rip you off a lot, and thos that rip you off slightly less. The top club to London is still Annabel's in Berkeley

rather intangible asset of its

people. "Londoners really are

friendlier and more civil than in most of the cities I have

been to," insisted the Ameri

It could even be true.

Earlier this year Marriott opened its

first Pacific Rim hotel in Hong Kong and plans to open two botels next year in Mexico, with a third following in 1991.

Marriott's policy of segmenting the hotel market has led it into several acquisitions. Among these was the purchase of Resi-dence inn in July 1987.

essman at the Savoy

**David Churchill** 

can husin

entertain in central London

would not be out of place to

Square although you need to go with a member. Other mem-bership-only clubs, such as Stringfellows, are more liberal with their door policy and will able French to get by. In bureaucracy-ridden India

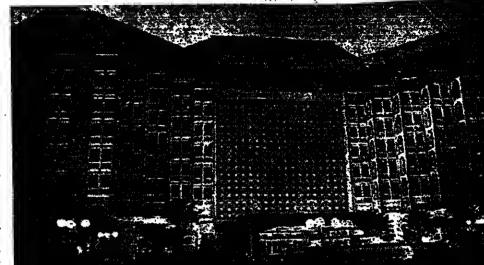
yon will need plenty of patience and endless supplies of baksheesh to help oil the let non-members in after pay-ing an admission price. wheels so that your factory will get built, your goods For many international business traveller, however, what really sets the city apert is the imported or a licence granted.

> There is no easy way round the perils and business abroad

scale, bottles of whisky come in handy for such influence pediars; on a larger scale it is best to employ someone with political clout to help smooth the way. It is an altogether different ball game when doing business in the Gulf. Autocracy rules

here in spite of the fact that younger Gulf businessman, probably graduates of American universities, are more likely to employ Western-style management techniques of delegation and grades of responsibility.

be warned, they often conduct meetings like tribal sheikhs,



Doing business abroad: in Riyadh it pays to toe the line, Contarence Palace (above) but you can afford to relax a little in the Saudi commercial capital of Jeddah (below)

тенама 🥮 🗠



London calling: Miss Saigon

the hottest show in town

slow to build

XVI

And other restaurant catering operations. Marriott botels are located in down-town, suburban, airport and resort sites in both the US and overseas. While most of the hotels are managed directly by the

QANTAS

A question of better quality

company, some are franchised in the US

Marriott is addressing its quality prob-ems with a new programme to ensure

consistency of services, especially to busi-

ness customers. It believes it has a market-ing edge with its frequent traveller pro-

gramme, introduced five years ago and subsequently upgraded. This enables fre-quent travellers to gain extra room nights

. X

CARTIER

SONY

with constant interruptions from friends and petitioners. The art of doing a deal in the Gulf is to make your presenta-

tion in record time, before yet another interruption. It may be someone bringing in tea, the chap's brother visiting or someone collecting something; either way the meeting will be a lower the meeting will take longer than planned so do not expect to squeeze to half a dozen appointments in a day.

Such an informal husiness environment can result in tarning up without an appoint-ment and being granted some time. This is true throughout most of the Gulf and particu-larly so for British business executives. Britons have an advantage over other nationali-ties because the colonial pres-ence until the middle of the century has left a sense of affinity with British culture. In

Saudi Arabia the Americans clearly have the edge. In Saudi Arabia to do busi-ness you need a *kafeel* to steer you through the bureaucratic maze. His appointment is cru-cial to the success of any deal as be wields much legal power. It is best to ask around for recommendations before yon

appoint one. Business travellers familiar

When out with your Japanese hosts the

conversation usually switches to family

with the country usually advise against doing business with Sandi princes. Bankers and others in the business community avoid them as partners as, in the event of a business dispute, even a minor prince is more or less above the law; it is only against a commoner that you may have

a fair hearing. Etiquette embraces not pointing the sole of one's shoe towards a Saudi, not eating with your left hand, avoiding any attempts at over-familiar-ity and generally keeping off the subjects of family in conversation.

You will have to toe the line more in Riyadh than in the more relaxed Saudi commercial capital of Jeddah but generally white faces are bothered less by the religious police on patrol. The customs officers are particularly hot on abuses involving alcohol, drugs and pornography and sometimes religious symbols. It is best not to try to be clever unless you fancy a spell in a Saudi jail. The offer of *baksheesh* if in a tight corner will only exacer-bate the situation. In Africa, the rules of the

Takeshita Street, Tokyo: inscrutable business etiqu game are different again. Do

18 very formalised embraces everything from the giving of business cards to where you should sit in a meetcheck with the hotel on your day of arrival. Yon will have quickly to ing. In the land of the rising learn the art of tipping. All for-eigners are considered rich and are therefore expected to yen those who try to cross the cultural divide are particularly favoured; the Japanese do not are therefore expected to spread largesse wherever they go. But what you may consider e pairry sum will often buy a family food for e week. "In Gebon they're a bit surly. In Nigeria delightfully court e ave Mr Michael Praexpect foreigners to under-stand the finer ponts of their own culture but they appreci-

ate those who try to conform. "A few phrases will impress, it's indicative to them of your commitment," says Mr Rick Bonsall, a Japanophile now liv-ing in London and fluent in the

surly. In Nigeria delignituity crazy," says Mr Michael Pra-ger, director of marketing for Sheraton Hotels. Wherever you are in Africa, do not expect fast decisions; tha only way to quicken the pace is to find high-level contacts. In this matter the commercial secre-tary in an embassy is often a language. Try "Hajimemashita" (how do you do) and "Doomo agri-gatto" (thank you) and it will make all the difference to your tary in an embassy is often a business transactions. Yon have to learn patience

tary in an embassy is often a good starting point. In Lagos, Nigeria's capital, the best advice is to make friends with a tribal chief. "Accompanying a chief through the crowds is akin to following Moses through the Red Sea," says Ms Mary Anne too; the art of the pregnant. pause must have been invented here for it characterises all business dealings. And when you finally hear what sounds like: "Yes, yes, yes, hai, hai," don't presume that you have

ductions and who bows first is easy enough, since it will probably not be necessary. Never-theless, let your Japanese hosts take the lead regarding bowing. With foreigners Japa-nese will probably shake hands.

Offer your business card to the most senior person first and taka time to study his and take time to study its before placing it to your wallet, never in your shirt pocket as that implies a degree of famil-iarity which does not exist. Business cards sbould be printed in English on one side and in Japanese on the other, listing all your qualifications. It is best to walt to be shown

It is best to wait to be shown where to sit as there is a com-plex code to follow; the most important person sits farthest from the door, then other posi-tions are taken up by manag-ers in decreasing order of importance, usually at either side of the VIP.

Unlike the autocratic Gulf. decisions in Japan are commit-tee-style, so take time. The middle managers are the most vocal and deal with the nit-ty-gritty and the chairman gives the green light only after having listened to his managers' recommendations. A proce-dure called *tatemae* bonours those with whom you have day-to-day contact, so on no

account pull rank and go above their heads for a decision. Yon will inevitably be invited out with your Japanese hosts and here the conversa-tion switches to family, chil-dren and travel. Keep your fingers crossed that you will not be taken to a *karaoke* bar where you would have to sing where you would have to sing for your supper, equipped with elaborate play-back systems, these bars offer the amateur a microphone to perform, backed by a taped orchestra. The most common four pas are made in the Japanese home. You must remember to

home. You must remember to take off your shoes and, when you visit the toilet, remember to put on the toilet slippers laid out for you. Dress code is conventional; dark suits and light-coloured

shirts for men and nothing too outrageous for women. Proper golfing wear is expected if you have to tee off with your hosts. Gifts of the amber nectar in particular 12-year-old maits go down well. So, too, do

chocolate macadamia nuts. If you have doubts about clinching a deal with inscrutable Orientals, beed the words of Mr Bonsall. "They forgive you anything. Westerners worry too much; the Japanese augh at our mistakes and don't take offence." The author is editor of Business

Trapeller

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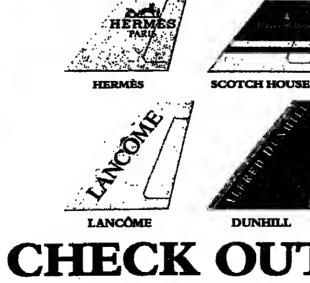
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**BUSINESS TRAVEL 17** 

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# Motivation for the intinerant executives

Companies want a more structured and active form of incentive travel, says David Churchill

cutting costs EXECUTIVES FROM Crown Financial Management, financial services company, were recently sent on an incentive

believe travel agency "implants" will become more popular, as companies grow to meet the challenge of the sin-gle Henopean market. Having travel agency staff permuticatly implanted in offices can also reduce the paybiggest order book of any Brit-ish manufacturing company, has thousands of travellers

Only companies with larger travel budgets, from £800,000 to flm-plus, would justify this arrangement although it often makes less sense to take an bookings. implant on board if you are located in a large city due to

the price of office space. The temptation is not to charge the travel agency the going commercial rent for the

space they are taking up. Based on site, an agency moves into the company prem-ises and handles the travel et alongside, or instead of, a travel manager

Mr Arthur Lyddall, vice president of the Institute of Tra-Management, stresses that ecause there can be a conflic of interest "the implant staff have got to be true to the guys who pay their salary. So, in the

#### An on-site agency handles the travel budget

ong term, they may not be so cost conscion

He says it is important that the implant staff work under the supervision of a trained company travel manager who has a personal career interest in seeking out money-saving opportunities. It is very easy to persuade a

financial controller that an implant is going to save him money as, in the first instance, the move is going to save him salaries, says Mr Lyddall.

But othen the implant staff are under employed and suffer from lack of career advancement. However, the agency is nervous about moving them on for fear of upsetting the client relationship."

Dissenters also worry about security of information. It raises questions about outside companies knowing the travel itineraries of other companies senior executives. But supporters of such an arrangement. generally agree it is the one way for an agency to get into the culture of a large company. <sup>3'</sup> Just two months ago British Aerospace decided to embark on a massive review of one of

its fastest growing divisions, Commercial Aircraft. Mr Ted Hart, who oversees capital revenue purchasing as purchasing executive at the division, freely admits that vas an it

INDUSTRY OBSERVERS at a guess, but it's a lot of money British Aerospace, with the

was no orunary incentive par-ticipants were split into teams and given a one-day Swiss rail-pass with the objective of find-ing and photographing a num-ber of Swiss kindmarks. "The emphasis in incentive travel is now on doing rather then seeing " points out Mr worldwide from a total of 131,000 employees. No central department or

person manages the spend as a than seeing," points out Mr David Hackett, chairman of the range of travel agents book the sir fares and car hire while sec-retaries have been looking Marketing Organisation Group of incentive travel operators. after hotel accommodation "Incentive travel used to involve, typically, a three-night stay at five-star hotel, good

Any special deals or corpo-rate rates were lost as communicating them to so many travel purchasers became longer the case as companies want a more structured, com-

food, a gala dinner, and a cou-

ole of excursions, but this is no

petitive programme or some form of activity."

Travelling on an incentive

ference or incentive travel.

ences at £900m. These figures

are believed by many to under-state the total she of the mar-

ket: many conferences and other travel arrangements are

not monitored by any of the fledgling trade associations

which have emerged in the

Another issue is the fine

dividing line between travel to conferences and exhibitions

and incentive travel trips.

Many companies disguise an

incentive trip as a conference by arranging to hold business seminars away from the office at some exotic destination.

Mr Hackett believes it is in

He points out that "any incentive group is logically the

client's top performing eche-ion." Thus, he adds, holding a

meeting with them while at an

overseas venue on an incentive

trip brings extra benefits.

Equally, ; en. a .conference, pro-gramme it would be unusual to

organise the whole event without including some motiva-

Motivation is clearly the

name of the game in incentive and conference travel. The

tional content.

1980s.

almost impossible. New company policy to spend more wisely swing the spotlight on travel expenditure and the rationalisation began. Two travel agents have been disposed of while business to

trip or to a conference or exhi-bition is a large part of the business travel market. Some estimates suggest that, internathe remaining agents has been reduced. tionally, nearly one in four travellers are involved in con-In addition, American Express was brought in two months ago to handle more than a third of the business through five implants scatference or incentive travel. Domestically, the proportion is believed by business travel experts to be much higher. Expenditure by UK compa-nies on incentive travel has been estimated at just mder £300m this year; UK exhibi-tions at £500m; and confertered around the UK.

"The more you can amal-gamate your business the more purchasing power you can gain," says Mr Hart.

Until two years ago, British Aerospace was using 40 car bire companies; now it has just one car hire implant. By con-solidating its business with fewer travel suppliers British Aerospace can start to flex its corporate buying muscle.

American Express has taken on more of a management con-sultancy role at the company. "We've been brought in to identify the total travel spend

and manage it as there's no common travel policy," explains Ms Cathy Nicholls, account manager with Ameri-can Express on the British Aerospace business. British Aerospace quickly

many cases wrong to draw a distinction between incentive concluded that, without computer-based procedures and management information on and conference travel. "All overseas travel programmes must be motivational," he travel patterns, it would never know just what the money was says. "Unless they are there seems no point in taking the group outside the UK." being spent on.

An implant was thought to be the ideal way forward, explains Mr Hart, because "we're here to build aerones; not to run canteens or travel agencies. We rely heavily on sub-con-

tractors or specialists and the bigger we get the more obvious that strategy becomes." The switch from being ser-viced by travel agencies based outside the business to an implant stemmed from the

desire of the company to insti-gate a "total travel concept" as Mr Hart calls it.

The problem with such performance-related incentives is that they motivate only the high-flyers: those without a trip to Switzerland. But this was no ordinary incentive: parrealistic chance of achieving the travel award may be demo-

tivated early on. Ways around this problem are continually being devised by incentive travel organisers. Different grades of trip, for example, is one solution, as is the use of a voucher or points system to enable the executive to build up to a range of travel

opportunities. The typical incentive trip, not surprisingly, is hard to define. Trade estimates put the average duration of a trip at about one week, with the average spend per participant some £2,500 for long-haul and £1,000 for short-haul.

A large concern for companies is not to have important executives out of the office for too long. Experience has shown that companies prefer flight times of up to 1% hours for short-hanl flights, although are prepared to allow up to 10 heart for short-hanl hours for travel to a long-haul, exotic destination. Companies also prefer not to have to change sircraft and to remain

at one centre with a strong local interest and image. For Britons, France and Spain are the top destinations because of their accessibility, but long-haul is increasingly popular. For Americans acces-sible places such as Hawaii and the Caribbean are most attractive.

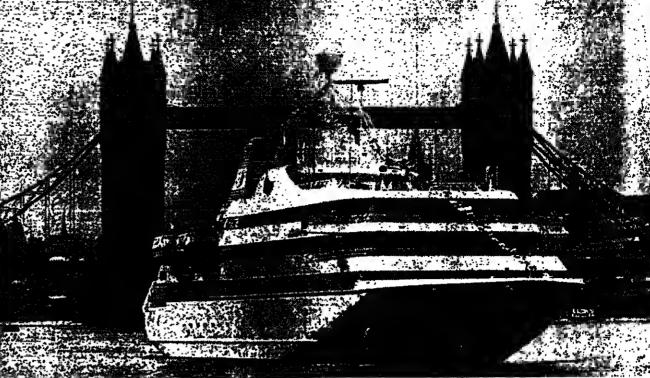
Florida is rapidly becoming the top conference and incen-tive destination in the world for both Americans and Europeans, its popularity with com-ference organisers stams from its accessibility, climate and the range of attractions.

The draw is Walt Disney World, just outside Orlando. In recent years Walt Disney has increasingly recognised the value of the conference market in making greater use of its entertainment and leisure facilities at its theme parks.

According to conference organisers, this is in marked contrast to a few years ago when conference groups were not given such a high priority. The fact that the readers of Meetings and Conventions magazine in the US continually rate Walt Disney World among the nation's top meetings ven-ues suggests the quality of the meetings that the WDW con-vention staff can help create," points out Mr Stephan Birn-

AMONG

mann, travel guide editor and



Corporate crutaing: the Sea Goddees I (above) is often chartered by companies for entertaining business client chartered by companies for entertaining business clients. Wait Disney World in Florida (right) one of the top meeting venues in the US offers a total conference package

author of a guide to the Disney while other meetings cen-tres may outstrip Walt Disney

World in some single area, the total meetings package -accommodation, food, service, diversions and meetings facili-ties - has few equals," he adds.

Florida is also popular for other reasons: Irish Life, for example, recently organised a two-night incentive trip to Miami to watch an American foothall game.

One problem concerning con-ference and incentive travel organisers is the reluctance of the leading airlines to produce discounted fare structures based on destination as well as origin of trip. At present multinational

company travel to meetings incurs heavy fares penalties, points out Ms Alison Moxon. managing director of travel organiser Travel For Industry.

"While travel organisers can typically achieve a 40 per cent reduction on a bill for 20 peo-ple from the UK flying together 

gates flying to the same destination for the same purpose from different points in the world.

Airlines, she believes, would gain business, promote them-selves to individual frequent flyers, and create opportunities to develop goodwill and repeat sales. "Worldwide demand in the sector in which we operate is rocketing, but the airlines are still bogged down in the traditional competitive stance etween carriers on a route," she savs.

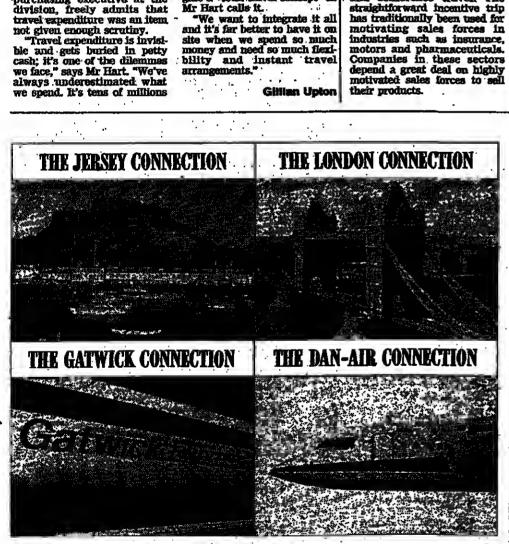
Cruising has become one of the important growth areas in the conference and incentive market. Not only is it perceived as a luxury trip by participants (even though the cost may be no more than a shore-based conference) but it also offers several advantages over regular conference and incentive destinations.

Costs are more easily concharges are included. Partici-pants are kept in one placa, which makes it easier to direct a message to them, and the choice of locations and days at



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XVII



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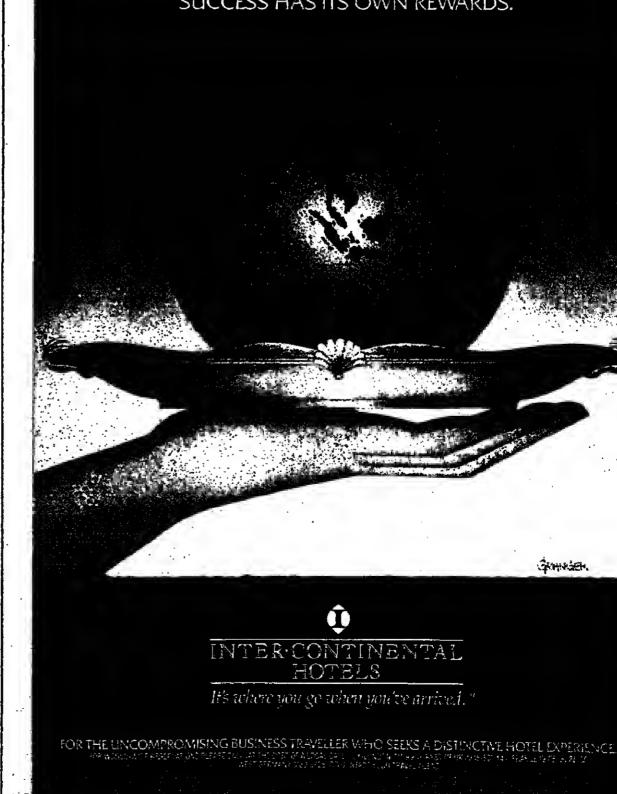
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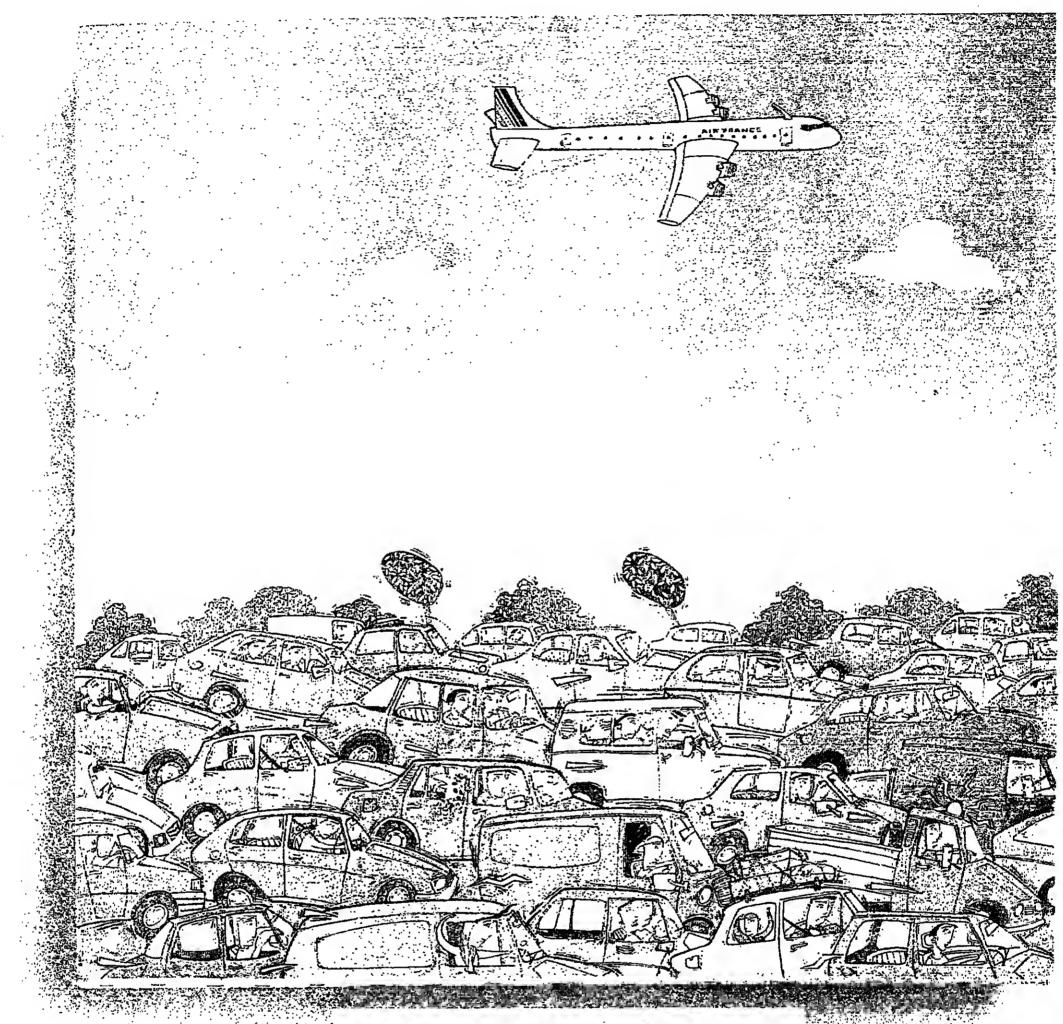
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